

U.K. Dockworkers Start 2d Walkout in a Month

Reuters
LONDON — British dockworkers called their second strike in a little more than a month Friday, using a further threat to an economy that has been slowed by the five-month stoppage by coal miners.

Officials of the Transport and General Workers' Union, which represents Britain's 36,000 registered longshoremen, said the strike would start immediately.

Dockworkers in Liverpool, western England, and Hull, in the east, walked out shortly after the strike call was issued. Dockers in London said they would strike beginning on Friday night. Those at other ports

said they would vote over the next few days.

The employment secretary, Tom King, urged longshoremen not to obey the strike call, because a strike would put their jobs at risk.

After the vote, a dockworkers' leader, John Connally, said delegates had voted 78-11 in favor of the walkout at a meeting in London. The vote, he said, came in response to the use of nonunion labor Thursday to unload coal at a dock in Scotland.

Mr. Connally was referring to a strike that began Thursday and that spread to most Scottish ports before the vote on Friday. The strike began after British Steel

Corp. used its workers to unload foreign coal at the Hunterston dock on the River Clyde, near Glasgow.

Scottish dockers had refused to handle the coal in a gesture of sympathy with the miners who have been striking since March 12.

The coal, from the Panamanian-registered ship *Ostia*, had been intended for the government-owned steel industry's works at Ranscraig. British Steel has said that without the coal from the *Ostia*, Ranscraig would have been forced to halve production within five weeks.

On Friday, British Steel denied that it had breached any agreement at the Hunterston dock.

It challenged the dockworkers' contention that the steelworkers had unloaded the coal alone, saying crane drivers who belonged to the steel union had unloaded coal with help from some dockers. "No docker's work is being done by anyone else," a spokesman for the government-owned company said.

The last dock strike began on July 10, when British Steel used nonunion labor to load iron ore on trucks, bypassing railroad workers who had been supporting the miners. That strike ended on July 20.

The latest strike call involves the loading and unloading of freight. It will probably not affect passenger services at British ferry ports.

In Iraq, trying to enforce an economic blockade to weaken the Iranian war effort, has warned that merchant vessels sailing to or from Iran would risk attack by Iraqi planes.

The blockade, which started in February, is aimed at forcing Iran to start talks on settling its war with Iraq, which began in September 1980.

About 40 ships have been hit in the Gulf region since February and Iraq has claimed responsibility for most of the attacks. Iran has denied the widespread contention that it has carried out some of the attacks in retaliation.

On Thursday, Iraq said its warplanes attacked another "large naval target" south of Kharg Island, Iran's main oil terminal.

The attack was confirmed by *lloyd's* of London, which said the captain of the 31,280-ton tanker *Amethyst* radioed for help a half-hour after the attack. He said the ship was burning and needed assistance. The tanker had picked up oil at Kharg six hours earlier.

lloyd's said it understood the *Amethyst* had been struck by a missile and that its engine room was on fire. It said the *Amethyst's* crew was believed to have been evacuated by Iranian helicopters and that several tugs were fighting the fire.

[Reuters reported from Athens that the ship had 32 crewmembers according to a Greek government spokesman. He said the vessel was leading from Kharg Island to Iran.]

[The spokesman said the captain, first mate, and first and second engineers were Greek and that the

other 28 seamen were Filipino. He could not confirm that they were all safe and had no details of the attack.]

Lloyd's said the ship was managed by the Troodos Shipping and Trading Ltd. of London.

In Baghdad, a military spokesman said Iraqi fighters "successfully" raided and effectively hit a big naval target" south of Kharg Island, Iran's main oil terminal.

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(Continued on Page 2, Col. 6)

ELEGANT Saudi Consulate Raided By Armed Men in Beirut

Reuters
BEIRUT — Armed men shouting pro-Khomeini slogans attacked and set fire to the Saudi Arabian consulate here Friday. The building was extensively damaged, but there were no casualties.

Security sources said that about 50 men attacked the consulate during a march to demand free access for the annual pilgrimage to the holy city of Mecca. The men pushed aside guards and broke into the embassy compound, which was unoccupied.

The sources said the building sustained heavy damage during the 9-minute assault. The front windows were smashed, and the interior was littered with wreckage and charred by fires.

The men had joined about 400 marchers, some of them members of the militant Shiite Moslem group Hezbollah, or Party of God, who paraded through West Beirut shouting anti-Saudi slogans.

The consulate has been closed since February. Lebanese Moslems who want to make the pilgrimage

this year have had to travel to Damascus to get their Saudi visas. Beirut newspapers said Friday that hundreds of pilgrims had been waiting there for three days, but the visas had not yet been issued.

Many Lebanese Shiite activists look for inspiration to Iran and its spiritual leader, Ayatollah Ruhollah Khomeini, and dismiss the conservative Sunnis who rule Saudi Arabia as corrupt and hypocritical.

[In another development Friday, assailants fired two rocket-propelled grenades at the British Embassy in West Beirut, The Associated Press reported. The grenades damaged the consular and visa section but caused no casualties.

[A man speaking Arabic claimed the attack on behalf of a little-known group called the Lebanese National Resistance Front. In a telephone call to the Beirut office of Agence France-Presse, the French news agency.]

Also on Friday, Prime Minister Rashid Karim asked diplomats from the five permanent members of the United Nations Security Council, the United States, the Soviet Union, Britain, France and China, to support a complaint about Israeli actions in southern Lebanon.

Beirut radio said that Mr. Karim, who is also foreign minister, then sent a cable telling the UN ambassador, Rashid Fakhouri, to lodge the complaint.

Israelis Remove Fence

Israeli forces have removed a fence they had been building inside Lebanon, Reuters reported from Mayast, Lebanon. Lebanese officials said the fence was part of a plan to divert water into Israel.

The fence started at the border and ran parallel to and about a mile (1.6 kilometers) west of the Hasbani River, a tributary of the Jordan.

Farmers in the southeastern hamlet of Mayast said workers cut down the half-mile line of posts on Tuesday.

An officer in the Israeli-backed militia known as the South Lebanon Army said the fence had been dismantled at the request of the militia's commander, General Anton Lahd, who believed it violated Lebanese sovereignty.

An Israeli spokesman in Tel Aviv said the fence was part of a road repair project.

A line of holes indicated by his office, Mr. Karim asked his musicians to perform with him next month at a Berlin music festival.

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Basque guerrillas refused Madrid's offer of talks to end the armed conflict. Page 2

Questions have been raised within the U.S. media on whether the press has been fair to Geraldine Ferraro. Page 3

Frozen brain cells help in the fight against Alzheimer's disease. Page 3

The inhabitants of Easter Island have discovered they have an identity problem. Page 4

BUSINESS/FINANCE The United States delays for seven weeks a rule requiring textile imports. Page 13.

Financial Corp. of America has up to \$13 billion in collateral to pledge against a federal loan, an analyst said. Page 13.

SPORTS East German swimmers broke two world records in one race in Moscow. Page 19.

MONDAY

A West German program to repatriate immigrant workers empties whole neighborhoods in cities.



A woman exhorts officials Friday in Tripoli, northern Lebanon, to take steps against violence. About 100 people have died in clashes between pro- and anti-Syrian militias.

Berlin Orchestra to End Its Boycott of Karajan

The Associated Press

SALZBURG — The Berlin Philharmonic Orchestra agreed Friday to end a two-month boycott of the conductor Herbert von Karajan after he asked for a reconciliation.

The agreement appeared to preface an end to a 20-month power struggle that began over the hiring of orchestra members.

The orchestra announced June 24 that it would not appear at the Salzburg Festival with Mr. Karajan, who had been its principal conductor after he had backed out of a concert. It also canceled subsequent dates and announced it was withdrawing from recording and television contracts with Mr. Karajan.

In a letter made available by his office, Mr. Karajan asked his musicians to perform with him next month at a Berlin music festival.

The orchestra issued a statement shortly afterward, saying it would play the event under its conductor. Mr. Karajan's letter described the dispute as a result of "unfortunate circumstances, human errors and recent mistakes."

The orchestra statement, issued in Berlin, said: "The Philharmonic Orchestra does not intend to reject the Christian and humane intent of Herr von Karajan."

Relations between Mr. Karajan and the orchestra began worsening after the engagement of the clarinetist Sabine Meyer, the Philharmonic's first woman performer.

She was hired at Mr. Karajan's request without the approval of the orchestra, which has a traditional vote on new members. Her resignation and the dismissal of the orchestra manager who hired her worsened tensions.

Sikh Hijackers Indian State Governor Order Takeoff Named by Gandhi Quits From Karachi

By William Claiborne

Washington Post Service

ISLAMABAD, Pakistan — An Indian Airlines flight hijacked by Sikh militants took off early Saturday from Karachi International Airport after negotiations to secure the release of passengers apparently failed.

There was no indication of a destination, but a government spokesman said the plane was refused at the insistence of the hijackers, who demanded weather reports and flight plans for destinations in the Gulf.

The hijackers commanded the plane early Friday after it took off from New Delhi on its way to Srinagar, the summer capital of Jammu and Kashmir state, and ordered it to Lahore, southern Pakistan.

Radio Pakistan said there were six hijackers, who reportedly carried knives known as kirpans.

Officials said the hijackers had threatened to kill the passengers and blow up the plane. There was no confirmation that they carried an explosive device.

India's civil aviation minister, Khurshed Alvi Khan, told Parliament that the hijackers were demanding freedom for imprisoned supporters of the Sikh extremist leader, Jarnail Singh Bhindranwale, who was killed when the Indian Army attacked and took over the Sikhs' sacred Golden Temple in Amritsar in June.

Government spokesmen said that two sick Norwegian women and a handicapped man and his wife and child were released in Lahore. One of the two women had a heart attack and was in a stable condition at a Lahore hospital.

The pilot was ordered to fly to Karachi, where two more ailing women were released, a government spokesman said.

The United News of India said the passenger list from New Delhi included 67 men, 14 women and six children, two pilots, a chief purser and three flight attendants.

The hijacking was the fifth of an Indian Airlines plane by Sikh separatists in two years.

All have landed in Lahore, leading to acrimonious extradition disputes that have worsened relations between India and Pakistan.

India and Pakistan, which have fought three wars and have a history of suspicion and hostility, have long waged legal battles over the extradition of Sikh hijackers detained in Lahore.

In a brief statement issued in Hyderabad, the Andhra Pradesh capital, Mr. Ram Lal said, "I have been pained by the controversy, and some of it is unreasoning language, lowering the prestige of this dignified office of governor."

"In these circumstances, I have decided to resign in order to uphold the dignity of this office."

Opposition leaders hailed the resignation as a victory for democracy.

In Hyderabad, Mr. Ram Lal said that Mr. Ram Lal had no alternative but to resign, and that Mrs. Gandhi should now assure that a vote of confidence be held.

He said the governor should be asked to resign in order to uphold the dignity of this office.

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Pakistanis And Afghans Holding New Indirect Talks

The Associated Press

GENEVA — Indirect, United Nations-sponsored talks began Friday between Pakistan and Afghanistan after Pakistan warned that it might respond in an "appropriate manner" if Afghanistan continued border attacks.

Pakistan issued the warning Thursday in a protest with the Afghan chargé d'affaires in Islamabad. It said that a border air raid Thursday had killed three persons and injured two.

Pakistan has filed several protests about what it says have been Afghan border shelling and air attacks since Aug. 13. According to Pakistani figures, 55 people have died in the attacks.

Before opening the talks Friday in Geneva, the United Nations undersecretary general for special political affairs, Diego Cordovez, sought to play down the effects of the border incidents.

"It would be unfortunate if I were to allow specific situations on the ground to interfere with an already complicated process," Mr. Cordovez said before he met with the Pakistani foreign minister, Sabahzada Yaqub Kahn.

Mr. Yaqub Khan and the Afghan foreign minister, Shah Mohammad Dost, occupy separate meeting rooms. Because Pakistan does not recognize the Afghan regime, Mr. Cordovez will relay the ministers' positions.

The talks are the latest in a series that began under UN auspices in 1982. The sessions on Friday were described as preliminary; formal meetings are scheduled to begin Monday.

Increased Soviet Coverage

Earlier, William J. Eaton of the *Los Angeles Times* reported from Moscow:

The Soviet press is increasing the frequency of its reports on Soviet combat losses in Afghanistan.

Newspapers still do not provide overall casualty figures for the conflict, which began four and a half years ago. However, recent accounts of individual heroism by Soviet soldiers and airmen in Afghanistan indicate that insurgents there offered tough resistance during a Soviet and Afghan Army offensive last spring.

In a departure from past practice, the Russians have also acknowledged that a significant number of helicopters have been shot down.

Krasnaya Zvezda, or Red Star, the armed forces newspaper, described an encounter in which five of eight crew members of a Soviet transport plane were killed or wounded by guerrillas.



The Associated Press
A French policeman leads Basque prisoners from court after an extradition hearing Friday.

Basque Rebels Refuse Offer of Talks

Reuters

MADRID — The Basque guerrilla group ETA rejected Friday an offer by the Spanish interior minister, José Barriomuño Peha, to negotiate an end to separatist violence.

In a statement published by Spanish news organizations, a spokesman for ETA, a group whose initials in the Basque language stand for Basque Homeland and Liberty, said the group would not talk on the basis of Mr. Barriomuño's offer of direct talks to help guerrillas return to normal life.

"Nothing has changed with this offer, which is purely a laughable maneuver, because one thing is the Basque problem and another one is this childish game invented by the

Socialists," the French-based spokesman was quoted as saying.

ETA is always ready to negotiate on the basis of its longstanding blueprint for a truce, he added.

This involves conditions such as self-determination for the Basque country and the withdrawal of Spanish security forces; these have already been rejected by Madrid.

Mr. Barriomuño said Thursday night on television that the offer did not mean political negotiations over ETA's demands.

"It is a functional negotiation, not a political one," he said. "It is a peace alternative for those who put down arms."

The nationalist Basque government, which advocates more self-rule for the autonomous region as a way of undermining ETA's politi-

cal support, reacted coolly to the proposal and expressed surprise at not having been consulted.

■ France to Extradite 4

A French court in Paris ruled Friday that four Spanish Basque exiles should be extradited on murder charges, raising the prospect of further violent reprisals against French interests in the Spanish Basque country, Reuters reported.

A similar decision by the court in Pau in four other cases earlier this month caused bomb attacks and car-burnings in Spain and heightened tension on both sides of the border.

The final decision rests with the French government, which has given no indication that it is prepared to send the Basque back to Spain.

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Hughes Halts Delivery on Jet Radars

By Fred Hiatt
Washington Post Service

WASHINGTON — Hughes Aircraft Co., which has been suspended from selling three major missiles to the U.S. military, has also stopped delivering radar systems for the most advanced navy, and air force jet fighters, according to Pentagon officials.

Hughes, which ranks ninth on the Defense Department's list of major contractors, voluntarily stopped shipments of radar for the F-14, F-15 and F-18 after the navy

discovered serious workmanship problems in an F-14 radar, navy and air force officials said Thursday.

The problems included poor soldering, loose screws and "debris" such as metal filings, they said.

The navy examination, in turn, was prompted by quality control problems discovered in the manufacture of Phoenix missiles for the navy, Maverick missiles for the air force and TOW anti-tank missiles for the army.

All three services agreed

Wednesday to suspend payments to Hughes for the missile work, amounting to \$38 million for last month.

The suspension was made without the knowledge of Defense Secretary Caspar W. Weinberger, a spokesman said.

A spokesman for the missile systems group said that Hughes was working to improve quality control at its Tucson manufacturing plant, where all three missiles are made, but objects to the suspension of all payments for the missile work.

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American Education in Europe with an International Dimension

New Rules Set For Press To Provide Coverage Of U.S. Military Actions

By Richard Halloran
New York Times Service

WASHINGTON — Secretary of Defense Caspar W. Weinberger has made public the panel's recommendations to provide access to military operations for news organizations, and he gave orders to put the recommendations into effect.

But Mr. Weinberger made it clear that military security would remain the top consideration in guidelines for news coverage.

Mr. Weinberger's chief spokesman, Michael L. Burch, said planning had begun for a national pool of reporters who could be called upon at short notice to cover the early stages of an operation. But the Pentagon, he said, would determine how many would be in the pool and who would be included.

The panel, composed of officers and journalists, was headed by Major General William Sible, a retired chief of information for the army. It was convened after the U.S. invasion of Grenada in October 1983.

Reporters were initially excluded from covering that invasion. Limited access and coverage were permitted later in the operation.

The restrictions produced a flood of protests from newspapers and broadcasters.

In its recommendations, the panel urged the Defense Department to begin planning for news coverage of military operations while the operations themselves were being planned. This includes planning of communications and transportation for reporters.

At the same time, the panel urged news organizations to agree to voluntary guidelines to maintain the security of operations. The panel said there should be as few rules as possible.

Mr. Burch acknowledged that there might be instances when the press would be barred from covering a military operation, such as the landing of troops on Grenada.

First reactions from the U.S. public generally supported the decision by General John W. Vesey Jr. and Mr. Weinberger to restrict reporters' access to Grenada during the landing and fighting.

Mr. Weinberger said he agreed with the panel's recommendation that military training schools teach officers how to deal with reporters. He also said he would appoint an advisory council of journalists to suggest ways to meet the objectives of the report.

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With the help of God and technical ability, we have been able to neutralize the Exocets," he said. "From 10 to 1



SOUTHFORK SOLD — J.R. Duncan, owner of the ranch featured on the television series "Dallas," has sold the ranch to a Dallas real estate developer, Terry Trippett, for more than \$1 million. The developer plans to remodel the home into a "very exclusive" three-bedroom hotel opening to guests this fall, with rates starting at \$2,500 a night.

AMERICAN TOPICS

Another Close Look At Southern Ways

There is to be a long section on Southern prisons and a short one on Rebel Yell bourbon. Someone will write about possums, and someone else will write about the blues.

These and myriad other topics will be dealt with in a volume called the *Encyclopedia of Southern Culture*. When scholars at the University of Mississippi complete their work, they hope the volume will stand as the most complete single reference work on the mind and manners and mythology of the American South.

"The South historically has been our most isolated, our most intense regional experience," said William C. Ferris, director of the university's Center for the Study of Southern Culture, which is producing the volume.

But the South is not the only region to get such scrutiny as scholars attempt to reach a deeper understanding of the United States. New England culture is under study at the University of Massachusetts at Amherst, where a similar encyclopedia is planned. The University of Nebraska has a Great Plains Center, and there is an Appalachian Study Center at the University of Kentucky.

The reason for all the attention, said Mr. Ferris: "We are a much more complicated people than we think."

Grateful Drug Agents Celebrate a Trend

The Quaalude — the trade name of the most popular brand of methaqualone tablets that were more likely to be called ludes, pillows or vitamin Q by those who took them to feel euphoric and "tingly" — is virtually dead.

Prosecutors and drug agents say that arrests, legislation and international agreements have removed the drug from both pharmacy shelves and streets.

corners. The success is worldwide, they say.

Methaqualone, a sleeping pill introduced in 1965, soon opened as a favorite for abuse. Some coroners said the drug caused more driving deaths than did alcohol.

While experts are pleased at this success, they have kept it in perspective. "Taking a drug off the market doesn't reduce the number of addicts," said Jonathan Hattner, an official at a Miami drug abuse program. "They just switch to a different drug."

2-Tier Wage Scales Unsettle Employees

The latest cost-cutting device to win the favor of employers and provoke bitterness among their workers is the two-tier wage scale, which permits businesses to pay new employees less — sometimes a lot less — than those who have been with the company longer.

Managers embrace it as a way of reducing payrolls, and unions accept it as a way of pushing economies off onto the next generation.

The concept of lower pay for new workers is a perennial in economic lean times. But union and industry experts say they cannot recall such widespread acceptance. Unions blame the trend on a concessionary atmosphere ushered in by the latest recession and encouraged by the Reagan administration's attitude toward labor relations.

What distinguishes the latest trend is that many of the cuts are permanent. Instead of starting low and working up to parity with their colleagues, new employees will always be a jump behind.

Short Takes

Add to the list of unfulfilled promises of the Computer Age that of a paperless society. William G. Moore, president of Recognition Equipment Inc., of

Dallas, notes that since 1981, the amount of paper processed by businesses rose to 1.4 trillion pieces from \$50 billion, despite the increased use of computers.

The U.S. lodging industry has been far from fully booked this summer. Hotel and motel occupancy rose 2.8 percent, to only 70.6 percent of capacity, in the first six months compared to the first half of 1983. The outlook for the second half is for only a modest rise. Still, the average room cost rose 6.7 percent, to \$56.44 a night. There is no measure of the level of haughtiness among hotel desk clerks, but The New York Times reports that it's at least holding steady.

Starting this fall, students at the Southern College of Seventh-day Adventists in Collegedale, Tennessee, will reap tangible benefits for earning good grades. The students will get credit toward tickets to Europe with C-level credit worth \$5 per course hour and A credit worth \$8. Attracting and keeping students is the goal of the liberal arts college, which has seen enrollment slip to 1,625 last fall from a high of 2,091 in 1980.

With the presidential election campaign heating up, the State Department has taken on a new assignment. The department is preparing treason papers that would be used to brief a new president, if, as is elected in November.

Even more cautious as a political prognosticator is the Blackwell of Reston, Virginia. Announcing that Geraldine A. Ferraro, the Democratic vice-presidential nominee, had been invited to participate in a televised foreign policy debate this fall, the company pledged solemnly: "An invitation will be issued to the Republican vice-presidential candidate as soon as he or she is officially nominated." Presumably by now the invitation is on the desk of Vice President George Bush.

experienced political experts in the field: a handful of Richard M. Nixon aides.

DALLAS — Does a real man, a former professional quarterback and would-be future president, cat quick? Apparently not.

Representative Jack Kemp of New York took one bite of his sausage-and-mushroom quiche at a breakfast Thursday and blanched. It was quickie, he was told.

"Quiche?" he asked. "Quiche?" With a rapid-fire calculation of the political implications of his breakfast cuisine, he said, "This isn't a populist breakfast," and added: "And let it be said that Jack Kemp didn't eat his quiche." (Newsday)

Nelson Bunker Hunt, the Texas billionaire, was walking down a hill on his Circle T Ranch near Dallas the night of his gale party when he noticed a clear plastic fork on the lawn. He picked it up, brushed it off and put it in his pocket.

"That's the way you move, man," he said with a grin. (NYT)

The convention has gotten an extra boost from some of the most

Quiche May Be Politically Dangerous

Compiled by Our Staff From Dispatches

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Underground Fire Disrupts Boston

The Associated Press

BOSTON — Restaurants closed, bars filled up and police moved in to prevent looting after an underground fire forced Boston Edison Co. to cut power to a 20-block area in the city center, part of which remained without electricity Friday.

Power was cut just before rush hour Thursday afternoon after smoke swirled from manhole covers, aggravating traffic jams and forcing one hospital to rely on emergency generators. The police reported no disturbances.

The fire was started by a short circuit, a Boston Edison spokesman said. It was nearly midnight before service was restored to the city's main shopping district. Utility officials said service to the Copley section would be restored Friday afternoon.

CONVENTION NOTEBOOK

Former Nixon aides "have been associated with some of the smoothest-running political events in modern times."

The convention manager is Ron Walker, Mr. Nixon's former advance chief, Dwight L. Chapin. Mr. Nixon's former appointments secretary, helped to script the six convention sessions. Steve Bull, once Mr. Nixon's personal assistant, ran the control booth.

Mr. Greener, rejecting suggestions that their presence might prove embarrassing, called the group "honest, decent, hard-working, superintelligent, superorganized sorts of individuals." (UPI)

Among the meals served during convention festivities: a pink consommé dotted with Beluga caviar for the presidential party, and, for diplomats, beef Wellington topped by American eagles in pastry. Dessert was imitation White House in white chocolate.

Said Joe Fisher, whose Fairmont Hotel catered to the diplomats: "I myself do not push Tex-Mex at all. We try to show something they don't expect." (LAT)

Who says the Republican Party does not encourage diversity? During the 20-minute floor demonstration for Mr. Reagan groups with signs in evidence included "Comeheads for Reagan," carried by an appropriately pointy-headed young man; "Soccer Players for Reagan;" and "Mythical Wild Women for Reagan."

Walter Cronkite, who was in the anchor booth 20 years ago when conservative delegates who nominated Senator Barry M. Goldwater for president boozed journalists at the Republican's San Francisco

convention, found that some things did not change. Charting with a conservative activist, Phyllis Schlafly, at a party, he asked how she kept her slender figure. She replied: "I get my exercise getting out of my chair to turn off CBS News," according to the Dallas Times Herald's society columnist, Nancy Smith.

Cab drivers kept busy shuttling delegates and others who refused to walk even short distances in the stifling heat. "Every cab driver in Dallas would vote Republican out of appreciation for the convention," said a cabbie, William Powell.

"You have to sell a lot of Hostess Twinkies to raise \$200 billion," said a member of the California-based group who called herself Mrs. Chester Cholesterol.

Mrs. Cholesterol, who at one point wore buttons bearing slogans such as "I'd Rather Be Ironing," and her colleagues, Mrs. T. Bill Banks and the Rev. Jerry Falwell, professed to be avid fans of the Reagan.

During the 1980 presidential race, they said they mounted a Reagan for Stash campaign. Unsuccessful but not giving up, they say they are concentrating on "Nancy for Queen" in 1984. (AP)

For more political news, see "Political Prognostication" on page 12.

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Easter Islanders Discover Discontent

Identity Problem Crops Up on a Lonely Speck in Pacific

By Edward Schumacher
New York Times Service

HANGA ROA. Easter Island — The 1,900 people of this tiny dot in the South Pacific are grumbling.

Chile, 2,350 miles (3,800 kilometers) to the east, claims the island 96 years ago. But today, after years of tranquility, many of the islanders are jobless, poor and questioning whether they are Polynesians or Latin Americans.

"We feel like birds on a lonely island," said Margarita Pakarati, a 38-year-old housewife. "No one feeds them."

The protests against the rule of General Augusto Pinochet have not spread here. Nor has the repression. The islanders, buffered by distance, say they hardly expect to have any effect on mainland politics.

But the rumblings of discontent are common. Many demand a return to democracy after 11 years of military rule. Others want to turn their back altogether on Chile and the "contries," as they call the people from the continent.

"Let them fight between themselves," Julio Atan, 26, said. "I don't care if they die over there."

In a rarity in this era of anti-imperialism, many also say they want independence from Chile to join either France or the United States, though there is no organized independence movement.

Governor Sergio Rapa, 34, a U.S.-educated anthropologist who was appointed in January as the first Easter Islander to be governor,

said that, beyond political differences, the discontent was immediately spurred by the lack of jobs and by transportation costs for goods from the mainland that often make them unaffordable.

The islanders grew food, fished and tended sheep in a mostly subsistence economy until the United States built a satellite tracking station here in the late 1960s.

Many got their first salaried jobs with the Americans and spinoff construction projects but lost them after Salvador Allende Gossens, a Marxist, was elected president in 1970 and the Americans pulled out. Tourism and Chilean government construction helped fill the gap, but the three-year depression on the mainland has hurt that.

But more fundamentally, Governor Rapa and others said, the plight of many islanders is a natural phenomenon of a traditional society resisting modernity at a time that its integration into Chile is incomplete.

"I don't know if they feel Chilean," said Patricia Vargas, a University of Chile anthropologist who is helping organize an international conference on eastern Polynesia here next month. "They feel Easter Islanders."

Among the anthropologists and archaeologists coming to the conference next month is Thor Heyerdahl, the Norwegian whose ocean crossings in a raft have led to theories that South American Indians helped settle Easter Island and Polynesia.

Shrouded in historical mystery and rich in sailing lore, Easter Island is referred to by residents as "the navel of the world."

This is the eastern limit of Polynesia, and sailors and scientists for centuries have been awestruck by hundreds of giant stone statues left by ancient Polynesian people. No one knows why the statues were built, or why, in the middle of chiseling, the sculpting stopped.

Mrs. Vargas, who has lived here for eight years, said she had yet to find similarities between the statues called "moais," some of which stand more than 30 feet (9.12 meters) high, and other artifacts. She speculated that war, pestilence or some mysterious spiritual revelation may have stopped the sculpturing.

The process of integration is evident. Many of the islanders have served in the Chilean armed forces, studied on the continent under government subsidies or worked there. Although they speak a Polynesian dialect among themselves, they are also fluent in Spanish. The island is a Chilean province, like Hawaii is an American state.

"We have our feet in both worlds," said Pedro Pua, 68, a dark and wiry Polynesian sporting a baseball cap inscribed "Tahiti Team."

Chilean development of Easter Island began in earnest in 1965, but took on added priority two years ago, after Argentina lost a war with Britain over the Falkland Islands in the Atlantic.

The Pinochet government plans to begin constructing a small port in March to open up commercial and military links. The airport is being enlarged, and direct satellite television transmission from the continent is being installed.

The GAO, the investigating

agency of Congress, reported that 24 percent of 662 federally regulated interstate facilities received a comprehensive inspection in 1981 and 17 percent in 1982. Some operators "had been inspected only once in a five-year period while others had never been inspected."

From 1973 to 1983, 372 people died as a result of pipeline accidents, according to the Transportation Department. More than 3,585 people were injured, the great majority in gas pipeline failures during the same period. In addition, millions of barrels of hazardous liquids have been spilled in pipeline leaks.

Romanian Refugees Battle Danube

Those Who Fail May End Up in Potter's Field in Yugoslavia

By Brendan Murphy
International Herald Tribune

NOVI SIP. Yugoslavia — Along the edge of the tiny cemetery lot amid corn fields outside the small Serbian village of Novi Sip there is a sort of potter's field, a row of about a dozen nameless graves marked only by rude boards and sticks.

The local people who buried these unknown dead assume that they are Romanians, refugees from the country visible through the midsummer haze across the Danube River. It is assumed they died while attempting to swim to freedom in Yugoslavia.

The Danube marks the border between the two socialist countries for about 150 miles (240 kilometers) and narrows in the cliff-bound stretch called the Iron Gate, north of here. There the distances to cross are shorter, but the waters are fast and treacherous. Guard towers stand along the Romanian shore.

Those who drown or are shot attempting the Iron Gate crossing are swept downstream into the floodgates of the Djerdap hydroelectric station. The bodies recovered there are buried in the cemetery at Novi Sip. The Romanian authorities are said to refuse to accept the bodies for burial.

But for every Romanian who has died, hundreds have successfully crossed the Danube and the land borders further north to reach Yugoslavia. There they seek political asylum with the office of the United Nations High Commissioner for Refugees in Belgrade.

Besides Romanians, each year about 3,000 East Europeans, including Czechoslovaks, Hungarians, Poles, Bulgarians, Albanians and even a few Soviet citizens, come to the UN refugee office in Belgrade. Neither the UN agency nor the Yugoslav authorities are eager to publicize the activity.

"The UNHCR doesn't want to upset the Yugoslavians," said a Western diplomat stationed in Belgrade, "and the Yugoslavians don't want to upset their neighbors."

The case of the Romanians who are fleeing the dictatorship of President Nicolae Ceausescu in the severe economic conditions he has imposed on the country to repay its foreign debts, is probably the most sensitive.

About half these Romanians reach Yugoslavia by swimming the Danube. The others come on foot across the 200-mile (320-kilometer) land border. Among those who have successfully taken the water route is Alexandru Snider, 34, a professional photographer from Bucharest.

"It's been going on for a long time," Mr. Snider added. The UN High Commissioner has had an office in Belgrade since 1976 and has been working with Yugoslavia on refugee matters since Hungary's uprising in 1956.

Many of the East bloc refugees now enter Yugoslavia legally, as tourists, then turn to the UN office. But a UN official said many are refused because they do not meet UN requirements.

Refugees must offer reasonable proof that they would face persecution if they returned to their own country. Also, the UN source said, a "green light" must be given by the Yugoslav authorities in each case.

"He knew the route well and I hoped to succeed with him," said Mr. Snider, interviewed in Belgrade where he was awaiting an American visa.

In April, the two men went by train from Bucharest to a village outside the border town of Orsova. They then hiked for three days to reach a crossing spot.

At the last moment, Mr. Snider's companion could not be persuaded to go on. Mr. Snider resolved to swim the river alone despite having broken his left wrist in a fall.

The 400-yard (365-meter) crossing exhausted him, and a critical moment came as he tried to haul himself out of the water up a steep rock face, his broken wrist twisted out of shape by his exertions. Yet he managed to claw his way out of the water.

"There was no other choice," Mr. Snider said.

He then walked for two hours, hitchhiking after he reached a road. The third car to come along brought him to the Yugoslav town of Kladovo, where he surrendered to the local police.

Mr. Snider is one of the lucky ones. A Yugoslav source said residents of Tekija, upstream from the Djerdap dam, have seen flares over the river in the middle of the night and have heard shots fired.

Some of the unsuccessful refugees wind up in the potter's field of Novi Sip. The local authorities are sensitive about it. Two policemen demanded credentials and questioned this reporter at length after he had visited and photographed the gravesites.

"Romanians are buried in Romania," one said. "Only Yugoslavs are buried in Yugoslavia."



The New York Times
Locals discussing the question of independence from Chile at the foot of one of Easter Island's ancient stone statues.

Pipeline Inspections by U.S. Are Lax, Agency Charges

The Associated Press

WASHINGTON. — The General Accounting Office has charged that the U.S. government is not adequately inspecting natural gas and chemical pipelines.

About 1.75 million miles (2.8 million kilometers) of pipelines, which carry natural gas and hazardous liquids such as petroleum, petroleum products and anhydrous ammonia, are subject to federal safety standards.

The report says the Transportation Department's goal is to perform a comprehensive inspection of each pipeline operator once each year.

The GAO, the investigating

agency of Congress, reported that 24 percent of 662 federally regulated interstate facilities received a comprehensive inspection in 1981 and 17 percent in 1982. Some operators "had been inspected only once in a five-year period while others had never been inspected."

From 1973 to 1983, 372 people died as a result of pipeline accidents, according to the Transportation Department. More than 3,585 people were injured, the great majority in gas pipeline failures during the same period. In addition, millions of barrels of hazardous liquids have been spilled in pipeline leaks.

The GAO, the investigating

Beijing Bans Violence by Store Clerks

Reuters

BEIJING. — Clerks have been prohibited from hitting customers under new rules to improve service in Beijing's stores, the China Daily said Friday.

"Anyone who strikes a customer will be fired. Three persons have been dismissed this year," the English-language paper reported.

The move ends guaranteed job security, which meant that employees occasionally attacked customers without fear of being fired.

An official survey of 319 Beijing stores in June found that of 3,222 assistants, 978 were polite to customers, 2,230 were indifferent and 114 were rude.

U.S. Describes Pipeline Defense Against Tanks

By Wayne Biddle
New York Times Service

WASHINGTON. — The Defense Department has released details of an anti-tank system of underground pipelines filled with liquid explosives that has been tested in West Germany and South Korea.

"It's a concept we want to explore with our allies," a Pentagon spokesman, Michael L. Burch, said Thursday.

But a West German Defense Ministry spokesman in Bonn said Thursday that neither NATO nor the West German Army had plans to install a barrier system along the border. "There is no example in history that any strategic barrier has been successful," he said.

The spokesman said that although West Germany had taken part in experiments with liquid explosives, the purpose was to investigate devices that could be used in limited tactical situations rather than as strategic barriers.

In the Vieckse experiment, he said, U.S. M-60 tanks and West German Leopards were unable to cross the ditch created by the explosion.

The Army Corps of Engineers in Vicksburg, Mississippi, is studying the concept, according to an army spokesman.

Ranging in explosive power from less than the equivalent of 1,000 tons of TNT to about 15,000 tons,

these nuclear land mines were designed to disrupt enemy armored divisions and force them to concentrate in small areas.

Although research into atomic demolitions has continued, the number of such mines deployed is believed to have decreased as awareness has grown of their destructiveness and problems of control in the chain of command.

According to army testimony before Congress, Warsaw Pact tanks outnumber NATO tanks by 43,500 to 13,000. Not all of the Warsaw Pact tanks are believed ready for battle or even intended for use outside Eastern Europe, however.

The International Institute for Strategic Studies in London estimates the numbers at about 25,000 tanks for the Warsaw Pact and 21,000 for NATO.

The army's testimony in recent years has supported expenditure of billions on anti-armor weapons, especially the development of so-called smart munitions guided by laser beams or electronic signals.

Hong Kong Journalists Fear Curb Under China

Say Press Freedom Issue Is Scarcely Mentioned in Talks on Colony's Future

The Associated Press

HONG KONG. — Many Hong Kong journalists are looking with trepidation to 1997, the year China will repossess Hong Kong, because they believe a new pro-Communist government might curtail press freedom.

Apart from Japan, Hong Kong enjoys the freest press in Asia, with 67 newspapers and 436 periodicals serving a population of 5.5 million.

Newspaper readership in this British colony is among the highest in the world. More than 300 copies are printed for every 1,000 people, or three times higher than the world average.

Newspapers have traditionally played an important role in Hong Kong because neither the law-making Legislative Council nor the policy-making Executive Council is elected.

Io the absence of a political opposition and government accountability to an electorate, the press is the only public watchdog on government excesses.

China has promised to keep Hong Kong's capitalist life-style intact for half a century after it resumes sovereignty to 1997, when Britain's lease on 90 percent of the

colony's territory expires. Wang Yili, vice chairman of the All-China Journalists Association, says press freedom will also be preserved.

But journalists worry that China and Hong Kong have different concepts of press freedom. News papers in China must follow the government line, in contrast to the concept, according to an army spokesman.

The association sent a letter on press freedom to Richard Evans and Zhou Nan, heads of the British and Chinese teams negotiating Hong Kong's future.

"We are deeply concerned that this basic freedom scarcely seems to have been mentioned in the negotiations," it said. "There can be little doubt that the freedom which the media have enjoyed has greatly contributed to the territory's success and well-being."

"Any curb on that freedom would have serious implications for

the territory's future development."

Some people say a loss of press freedom would not be so important if Hong Kong can maintain its prosperity. But Cliff Bale, chairman of the journalists' association, views the two issues as almost inseparable.

"Press freedom is one of the pillars supporting Hong Kong," he said. "If you remove one pillar, the territory might collapse like a pack of cards."

He said he was optimistic there would not be a crackdown on the press because that could harm

the territory's future development.

"I think Chinese authorities probably will allow diverse opinions in Hong Kong," he said. "At the same time, the HKJA and journalists in general have to be on their guard against any attempt to control their profession and livelihoods."

"If China wants the two-system format to work, and if Hong Kong is prepared to go along and make it work, I think there is a fair chance that press freedom in Hong Kong can be maintained," he added.

not even understand the legends written across their chests.

The anti-Communist slogan "Better Dead Than Red" has been seen on some garments, apparently worn by Soviet citizens. Other T-shirts carry the slogan "Invest in Inflation," a rather meaningless motto in a country with government-controlled prices.

A young woman, an Ivestia writer said, had on a T-shirt that advertised: "Pay Up and I'm Yours."

The main motivation, according to letters from young people to newspapers, is to stand out from the crowd with different clothing, no matter what its cost or origin.

"The foreign label is the big attraction," a young Muscovite said.

"And everyone is tired of slogans. American T-shirts sell for as much as \$30 on the black market, according to Soviet sources."

But to the party faithful, each garment represents an ideological gain for the West or symbolizes westernization, a Russian word corresponding to materialism.

SKY CHANNEL
BROADCASTING TO CABLE COMPANIES
IN EUROPE & THE UK VIA SATELLITE
PROGRAM, SATURDAY 25th AUGUST
UK TIMES 16.00 SKY MUSIC BOX
17.00 MY FAVOURITE MARTIAN
18.00 MOVIE TIME
19.15 THE SUN SETS AT DAWN
20.00 ALL STAR WRESTLING
21.00 SKY MUSIC BOX
21.30 MUNCH + EVERYWHERE. Why not
21.45 MUNCH + GINGER. Come on
22.00 MUNCH + CLAUDIO. Come on
22.15 MUNCH + GINGER. Come on
22.30 MUNCH + CLAUDIO. Come on
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ARTS / LEISURE

Modigliani as Sculptor: The Face as OrnamentBy Edith Schloss
International Herald Tribune

IVORNO, Italy—One hundred years after his birth, an exhibit in Amedeo Modigliani's home town centers on his stature as a sculptor, rather than his painting for which he is best known.

Modigliani was born of a Jewish family in Livorno in 1884. He trained as a painter in Italy, but later, like his contemporaries, was drawn to Paris, then the mecca of art. He arrived there in 1906 at the age of 22.

In 1909, after a momentous meeting with the young Constantin Brancusi, the Romanian sculptor, and a trip with him back to his native marble coast — the workshops and quarries around Carrara — he turned to sculpture in Livorno. He rented a studio near one of the city's many canals to spend eight months working there.

The story was that before his return to Paris, wondering what to do with his new work, which was heavy and costly to transport, he went to the *Café Bardini*, a hangout of local artists and intellectuals, to ask their advice. To his question: "Where can I leave my stones?" the reply was: "Dumb them in the ditch." So there and then impetuous and flamboyant as he was, he loaded his stones onto a charcoal-burner's cart, wheeled them to a nearby bridge and tilted them into the water.

On the occasion of the 100th anniversary of his birth, Vera Durbe, the director of the Villa Maria Museum in Leghorn, followed her hunch that the legend was fact and set in motion a long-cherished project of dredging the Royal Canal near Modigliani's studio. The first results were two sculpted stones that came to light on July 24. Another was discovered Aug. 10.

After some squabbling with the provincial office of fine arts at Pisa, which claims chief authority over identification and other bureaucratic matters, the stones were incorporated in the show. Further dredging is continuing.

The first two stones — one of granite from the nearby island of Elba the other of greenish porous *pietra serena* — have on one side, a large round or oval shape, flatly hewn. Each shape is divided down its center by a cluster of stylized human features: a pair of long rounds like peach pits, the eyes; a very long narrow bar, the nose; and below that, the point of exclamation mark, a pouty little thing

with a dent in its middle, the mouth. In the third stone, the long straight nose has a pair of brows feathering out over the eyes. This is all deceptively simple, a little exotic and very rough.

The question is not whether these works are really Modigliani's. For who would perpetrate such an elaborate hoax in which there is no material gain? The question is: Are they really finished sculptures and was Modigliani satisfied with them?

Of course they are not finished.

They are rough-outs. They are blocks of material on which a new sculptor, already a sensitive artist, tried his hand. They are like something a painter does on his sketch pad, the germs of ideas. That is the real reason Modigliani disposed of them at the suggestion of jokers. Painters can always shred a canvas believed to be a failure; a sculptor has a harder time deleting an unsuccessful effort. So Modigliani consigned his rough-outs to the deep.

However, these crude pieces, Modigliani's sculptural concept at an embryonic stage, are useful to us. They provide an insight into his development.

One of his first finished sculptures at the show here, the 1911 "Head" lent from the Georges Pompidou Center in Paris, has a rough-out on its back side quite similar to the faces on the newly found stones. A straight line leads from the stone "sketches" from the Livorno canal to the square monolith and other heads, then to the whole sequence of Modigliani's portraiture in paint.

Here, as later, the great interest is the human face as one great ornament. It is always frontal. It is always a flat, moonlike or elongated oval, traversed vertically down the middle by a sprig of features gathered around the fine long nose as if it were a stalk with whorls and whimsical flourishes of fine clean line.

Although the show contains only three mature sculptures, from 1911 to 1912, its emphasis on Modigliani's stature as a sculptor is justified.

The hardness of stone, its demand for an ordered systematic approach, was the right foil for his leaning toward overrepresentation. Modigliani the sculptor was strict with himself. He put the decorative values he found in the Khmer, Egyptian and early Greek art in the metropolis of Paris and the Sieneze and early Renaissance art he saw in Italy to good use. Symmetry and

often repeated! Nor was ever an artist worse served by his imitators. It is their doing that Modigliani's most superficial qualities are imprinted on everyone's memory.

The best oil here is of the painter Moiss Kisling, of 1915, the facial planes honed deliciously, almond eyes squinting. "L'Enfant Gras" of the same year is also of a sculptural cast, the young girl's lips as if made of peach petals. There is a "Young Woman" of 1910 and a supposed portrait of Picasso, which are either weak works by Modigliani or fake.

Because of his illness, Modigliani had to give up carving around 1912 and only made paintings from then on, which, apart from some haunting erotic ouïdes, were mostly portraits. The loss is ours. This exhibit, relatively small, but contained and interesting, brings out Modigliani's originality as a sculptor, his most serious and consistent quest for structure, so tragically cut short in 1920 when he died at the age of 36.

"Modigliani: The Sculpture Years," Museo Progressivo d'Arte Contemporanea Comune di Livorno, Villa Maria, Livorno, Via Reidi 22, until Sept. 9. Weekdays 10 A.M. to 7 P.M.; Sundays 10 A.M. to 1 P.M. Closed Mondays.



One of the carved stones recovered from the canal.

sophistication, the Art Deco taste of his time were held in check. Stylistization was perfectly balanced and taut, a knife's edge away from sentiment.

The many drawings here of the sculpture period, caryatids and heads, are in ample curves, the line not at all the fluid mark of the painter but the almost scratchy, finely chiseled effort of the carver. Small portrait drawings are elegant, as if cut by a pocket knife. They are as fascinating and precise as his sculptures.

There are also a few examples of the kind of portrait painting that made Modigliani's worldwide fame. They are all frontal too, many broody and nocturnal, of a sharp袒ness, the flesh in pinks and evening-sky reds. The young Mediterranean is already tainted by disease and too much absinthe, loved by his fellow artists and the girls of Montparnasse for his languorous charm, found less resistance to his indulgences in the easier technique of painting.

There his facility for mannerism and sentiment could run free. Oh, the complacency of those long blind-eyed, self-centered girls' faces bending on swan necks, so

such whom a mad professor had fashioned from cadavers. The role obliged Karloff to repeat his performance in identical makeup for the rest of his life.

Inspired by Whale's box-office success the copycats got busy. Frankenstein's freak was chasing anything in skirts in an endless series of B pictures for the next 50 years. In 1975, Mel Brooks digested a spoof in which Frankenstein's descendant, a woody American doctor, coopted his ancestor's laboratory experiments.

Jessua in the latest film version, places the story in a contemporary French setting and plays it largely for laughs. There are a few "horror" episodes, of course, but, lacking professional involvement, he has now become an alcoholic nuisance to the Russians. Susan George plays Sir Philip's daughter, and Robert Powell her lover. Lawrence Van Gester of The New York Times says "with so many seasoned professionals involved," The Jigsaw Man, "once it gets going, moves briskly through spy literature's familiar landscape of move and countermove, enlivened by the vigor and variety of Olivier's performance."

Adolescent friendships and class differences are the themes in "Old Enough," directed by Maris Silver. The film is a chronicle of the friendship and the culture clash that spring up between Lorraine (Sarah Boyd), who is from the middle class, and Karen (Rainbow Harriet), from the lower class. Janet Maslin of The New York Times says: "Both young actresses are appealing.... The film has an especially clear understanding of the power plays that go on between girls of their age."

Eddy Mitchell, the rock singer, is more good-natured giant than spookily living corpse. Now a moderate, he knows how to drive a car and how to handle traffic jams, but it might have contributed to the proceedings to have him let loose with a rock number. Jean Rochefort as his creator is a farcical Frankenstein.

■ **A Quirky Psychodrama**

CAPSULE comments on films recently released in the United States:

"Love Streams," directed by John Cassavetes is a quirky psychodrama in which Cassavetes plays Robert, a famous author who is writing a book on nightlife and whose nights on the town leave him drunk, bruised and bloody. Running parallel to Robert's story is Sarah's (Gena Rowlands), whose main occupation is visiting sick relatives. The two come together when Sarah comes to live with Robert, and it is revealed that she is his sister. Cassavetes' work, in "Love Streams," as in his earlier films, is as overflowing with emotional constructs as it is barren of other forms of thought," says Janet Maslin of The New York Times. "It's excessive and idiosyncratic all the way. Yet Cassavetes, as both actor and director, is never without

the same common subtlety to Fabio Carp's direction of this somber drama of decay, defeat and death and a literary flavor to the scenario, although perhaps too many allusions to Thomas Mann, Proust and other authors who have had indirect influence on its writing. It is excellently acted, and although over-leisurely in its development it casts a fascinating and sinister spell.

■ **"Frankenstein '90,"** the title of Alain Juppé's new film, gives one pause.

Does it imply that Frankenstein is now a neogamogamist? Is it to inform us that his action transpires in 1990? Or is it a hint that the cinema is making use of the same material for the 90th time?

The movie crib from Mary Shelley's gothic novel are probably beyond number. The one engineered in 1931 by James Whale, had Boris Karloff as the frightening none-

theless, he becomes infatuated.

MOVIE MARQUEE

ed with a young musician of the night club's orchestra. This band-some youth is also the champion of the district's rugby team. They enter into a liaison and their secret is soon whispered.

Whether Bellon intended the key revelation scene to be funny or not is uncertain, but it wins the loudest laugh. A spiteful sister-in-law goes to break the news to the commissioner. The wife haughtily married and a proud father. He also has homosexual inclinations.

While interviewing the personnel of the cabaret he becomes infatuated

with a mad professor had fashioned from cadavers. The role obliged Karloff to repeat his performance in identical makeup for the rest of his life.

Inspired by Whale's box-office

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Manageable if Managed

Argentina's dispute with the IMF sends tremors through the financial world. These are probably ill-founded. The government, poised between the discredited military regime and resurgent Peronist populism, has to dispute aspects of the austerity prescription. The IMF, which lends other people's money, has to insist. Disputes automatically take up the time allotted to them, as Mexico is also demonstrating. (See report on page 13.)

The argument, absurdly, is whether workers in Argentina should be given a 6-to-8-percent rise in real wages this year. With inflation at 600 percent, it is unlikely that any rise could keep wages ahead of prices.

The world debt problem is a limited one. Countries with regimes as disparate as those of South Korea, India and Algeria are not suffering from it. (Nor are the many poor countries that cannot borrow on the markets — but that is another story.) The problem debtors are a handful of countries with maturing, resource-rich economies. Their problem is liquidity, not fundamental insolvency.

They could impound the world banking systems by concerted refusal to service debt; it is doubtful, at present, that they would do so. At Cartagena, in June, their leaders were studiously moderate. For the greater part they are responsible governments, not the Libyas of this world; they have little wish to foreclose all possibility of future market loans. They will meet again before the IMF and World Bank assembly late next month. The creditors must build on Cartagena.

To spawn new institutions is no solution. The need is for change in the attitudes of the governments in the existing institutions.

Inside the present framework, a special fund could alleviate the interest burden, just as the IMF helped poor countries pay their oil bills after the first oil crisis. One problem may be that countries that have not run up painful debt will want to share the proceeds.

It is for the rich countries to ensure that the problem does not degenerate into insolvency. They have to enable the debtors to expand their exports, which has implications for trade policy. And they have to reduce interest rates, with implications for economic policies in general and the U.S. federal budget in particular. The paradox today is

that it is the United States which has become the major importer of capital, driving up interest rates worldwide. Each 1-percent rise in rates increases the interest due from major debtors by as much as \$2 billion. It is claimed that this is no burden because it reflects buoyant American demand. This is cold comfort when, due to a rising dollar, the protectionist shutters go up.

The creditor countries have to open their markets wider to Third World goods. They talk much about rolling back barriers, but action is more concentrated on further protection for copper, steel and textiles, to name but a few products that the debtors could supply. If debtors can't sell, they can't pay, as Germany found out after World War I.

The London summit in June envisaged that existing bank debt be stretched out on less onerous terms. Banks that do this will find their earnings reduced; and the further they stretch debt out, the less certain they are as to the political regimes they will be facing. But the choice for the banks is between orderly and disorderly adjustment.

Debtors have little alternative but to press on with unpopular action to adjust spending to receipts. Here, too, the only choice is whether adjustment is rational and equitable, or results from inflation with all its socially divisive effects. On the brighter side, stabilization is not just a matter of painful import cuts. It leads to the return of flight capital, which has been an important source of weakness for debtors in recent years.

The debtors should also show greater welcome to direct investment by foreign firms. Equity capital does not burden the future as bank borrowing does. What flows out again depends on the profitability of the venture, and if profits are good the proceeds may be ploughed back. Some debtors fear foreign control, but there are many new forms of investment that avoid this.

The problem is still manageable — but it has got to be managed. It is not a question of stopping the growth of debt, since developing countries should absorb capital from the rich, but of recreating the conditions in which capital can flow in search of profit without constant fear of default.

INTERNATIONAL HERALD TRIBUNE

Canada Does It Differently

As Canada's Sept. 4 elections draw near, most signals suggest that Prime Minister John N. Turner is running behind. The campaign is an interesting contrast to the parallel exercise in the United States. Expansion of the economy is strengthening President Reagan as he runs for re-election. In Canada the economy is similarly expanding if not quite so fast, but the effect is quite different.

The U.S. unemployment rate has dropped, with startling speed to the current 7.5 percent. In Canada the unemployment rate went higher during the recession and has hardly dropped at all. It is still stuck at 11 percent. That is a curious disparity between two economies that otherwise are much alike.

Canada's unemployment rate is following the West European pattern. This strengthens suspicion that Canada is paying a certain price for having adopted some of the British and French traditions of labor relations and social security. They are generous traditions, but they have made labor markets rigid to a degree that is expressed in chronically high unemployment. It is a dilemma for all of the industrial democracies, but Canadians seem to be more torn than most. They are proud of social protections that are significantly broader than those in the United States, but they reproach their government for its inability to generate jobs as the U.S. economy does.

Canadian politics is deeply preoccupied with a dangerous issue that has faded in the United States: conflict among disparate regions. Pierre Elliott Trudeau, prime minister until early this summer, devoted a long and remarkable career to defeating the separatist movement in Quebec and binding French-speakers and English-speakers more closely together. In practice that meant a lot of concessions to the two central provinces, Quebec and Ontario, at the expense of the less heavily populated West and the Atlantic coast. Mr. Trudeau's successor, as head of both the government and the Liberal Party, is left to cope with the accumulated grievances and resentments that were the price of the unity policy.

Brian Mulroney, the Conservative Party's leader, brings great flair and vigor to his attack. If he wins there will inevitably be a lot of talk in the United States about the spreading influence of the U.S. trend to the right. But Mr. Mulroney is not merely a northern echo of the Reagan administration. He represents a different style of conservatism — one more focused of established social commitments. If he should win, Americans may see him develop a variation of the doctrine that is less coercively concentrated on reducing public responsibilities. That would be a substantial service to both countries.

— THE WASHINGTON POST.

Other Opinion

From Self-Doubt to Arrogance?

President Reagan has restored U.S. national pride and confidence after the political assassinations of the '60s, the Vietnam War, Watergate and the affair of the Iranian hostages. He has done so by proclaiming that the values of the Western democracies are definitely superior to those of the U.S.S.R. and that the failings of the democracies are not so great as to warrant doing nothing to resist the Soviet system's attempts to expand. That sentiment is growing — not only in America and it is good that the White House should voice it.

Mr. Reagan should [also] spell out his ideas for East-West relations. This is a necessary

step if indispensable dialogue is to resume, given the apparent incapacity of the Soviet leadership. It would have been good for this to be at least touched upon in Dallas. One would like to be certain that American self-doubt of the past is not giving way to arrogance.

— *Le Monde* (Paris).

If Mr. Reagan wins in November he will be a lame duck president under pressure to seek arms control negotiations with a Soviet government that is hostile and belligerent. Lame duckism has its uses. He will have his opportunity at last to rise above the conservative nostrums that have intrigued him so long.

— *The Baltimore Sun*.

FROM OUR AUG. 25 PAGES, 75 AND 50 YEARS AGO

1909: The Dry Shampoo Was Fatal

LONDON — As a result of the death of Miss Helenore Catherine Horn-Elphinstone-Dalrymple, sister of Sir Edward Graeme Elphinstone-Dalrymple, during a dry shampoo with carbon tetrachloride at Harrod's Stores, charges of manslaughter were preferred at Westminster Police Court [on Aug. 24] against Mr. William H. Hardley, the manager of the department, and Miss Beatrice Clarke, one of the assistants. Miss Horn-Elphinstone-Dalrymple went to Harrod's for a dry shampoo on July 12. She was warned that it might make her feel faint. Two minutes after the process was in progress she complained that she did not feel well and almost immediately collapsed, dying before the arrival of the doctor.

1934: Mussolini Warns of War Soon

BOLZOGNA, Italy — Declaring that "war is in the air and might break out at any moment," Premier Benito Mussolini, speaking [on Aug. 24] at the end of the Army maneuvers in the North, said Italy is set on becoming a militaristic nation, and is ready to respond "as one man when the call to arms comes." "Nobody in Europe wants war," he said, "but war may come from one moment to the other. We must not prepare for a war of tomorrow, but for a war of today. At the end of July there suddenly arose a situation which recalled that of 1914. We responded by sending troops to the [Austrian] frontier and so saved the situation." War, according to Mussolini, is "the supreme court which settles disputes between nations."

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Kremlin Wheeler-Dealers Risk Political Write-Offs

By Dan Morgan

WASHINGTON — The Russians are rolling in money and gold. They have some \$10 billion on deposit in Western banks; their gold reserves are estimated to be worth \$25 billion, and their weapons customers in the Third World owe them another \$20 billion.

And they have been hustling to earn more — swapping arms for oil in the Middle East and selling it on the world market, even when this has meant cutting prices well below the OPEC floor. Last year sales of OPEC oil earned the Soviets \$2.7 billion.

Meanwhile, stuck against the \$10-billion bill for those commodities, the bulging Soviet bank accounts do not look quite so impressive.

Oil and arms are the Soviet ace. But domestic oil production has grown by less than 1 percent a year since 1980, and could decline slightly this year. With current technology, extracting more oil from existing fields has become enormously expensive. So, faced with big food bills and the end of the era of cheap, plentiful energy, Soviet planners several years ago made a decision to emphasize oil exports to the West, conserve energy at home and reduce oil deliveries to their closest allies.

Hardly any of this could have been foreseen 15 years ago, when the Kremlin still stressed agricultural self-sufficiency and shunned trade with the West. What happened? The success of the OPEC cartel in 1973 gave the Kremlin options, by making its oil vastly more valuable.

Moscow wasted little time exploiting the opportunity. The volume of Soviet energy exports to the West has more than tripled since 1973. In the last four years, according to Wharton Economic Forecasting Associates, oil sales to non-socialist countries have risen from 1.2 million to 1.8 million barrels a day, thanks to conservation, cutbacks to Eastern Europe and the added oil swapped for arms in the Middle East.

The emergence of the Soviet Union as a major player in the international grain and oil markets has been able to offset their agricultural shortcomings by making better use of the grain they have. This year, for example, they are producing 3 or 4 percent more meat (poultry, pork and some beef) than they did four years ago with the same amount of feed grains.

But no amount of effort in the form of more fertilizer, more disease-resistant seeds, even more acres of land in cultivation has apparently

reduced dependence on foreign grain. Over the next 12 months the Soviet Union is expected to purchase a record 45 million tons of foodstuffs and animal feeds from the United States, Europe, Australia and Argentina.

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For a while, at least, East Europe can make up for the loss of Soviet oil by conserving energy at home. There are also plans to switch industries to natural gas, a resource that is still abundant in the Soviet Union. However, some Western experts believe that the reductions could ultimately lead East European governments to make energy deals with non-Soviet suppliers, and to expand Western trade in order to pay for the energy.

Officials in Hungary and East Germany acknowledge that they already feel free to try to cut their own economic deals with the West. What this will mean for the political future of Central Europe is one of the most intriguing questions around.

The Washington Post.

LETTERS TO THE EDITOR

On Abrams on Turkey

Regarding the opinion column "Rights in Turkey: A Government on the Right Track" (Aug. 13):

Elliot Abrams's article comes as no surprise. For some time the U.S. assistant secretary of state for human rights has been attacking the U.S. human rights community, instead of working with us toward a common goal. He speaks of "the clannishness about undermining the OPEC floor." The reaction to Soviet price cutting has been quite negative, an OPEC official says.

Not that there is much OPEC can do about it. Libya, Iran and Iraq all want Soviet arms. They are short of cash, so they have been paying in oil — lots of it in the last two years. In effect the Russians are serving as a middleman for Middle Eastern countries that don't want to take the blame for dumping oil on the market.

The oil-for-arms exchange plainly provides Moscow with economic and strategic leverage in OPEC.

The Soviet oil policy could have long-range political effects in Eastern Europe. The East Europeans are not at all happy when the Soviets imposed an abrupt, 10-percent cut in energy deliveries in 1981 just as the Western recession and the debt crisis were hitting. But the course now seems irreversible.

The Soviet Union seems to have concluded that its [economic] costs in Eastern Europe are very high," concludes Ed Howitt, a Soviet energy expert at the Brookings Institution.

If You Only Could Pick The Visitors

By David Hermges

VIENNA — Unlike last year, the heat this summer has very little to do with the thermometer. A deep depression has hit Austria's weather, but some temperatures have nevertheless been rising.

Strikes, layoffs and lockouts in the neighboring Federal Republic in connection with the campaign there for a 35-hour workweek brought serious cancellations in tourist bookings. The rise in the dollar's exchange rate

LETTER FROM VIENNA

came too late to boost early-booked package tours from America. The upshot has been a noticeable decline in the vital statistics of visitors' money spent in Austria's holiday spots.

Still, construction of luxury hotels proceeds apace. On Vienna's elegant Ringstrasse, two international chains are actually building right next to each other. It seems that rooms in this category are in constant demand for convention visitors, for whom Vienna is becoming more and more popular. Starting in 1986, when the monster new international conference facility next to the so-called UN City comes into use, the amount of four-star "congress beds" needed is expected to surpass anything known so far.

That conference center, by the way, all but tripped up Finance Minister Herbert Salcher. While the main structure was nearing completion he had still not provided concrete evidence of the financing. (The project had been initiated by then Chancellor Bruno Kreisky.) The press was full of rumors about Mr. Salcher's impending resignation over the issue. But three wealthy Gulf countries stepped into the breach, sent representatives to Vienna to sign the contract and saved Mr. Salcher's skin.

Mr. Salcher has since been courted on another issue. He has passed on to the national prosecutor "new information" regarding tax liabilities of his predecessor in office, Hannes Androsch, and has asked for an investigation. Mr. Androsch is now head of the country's largest bank, the state-owned Creditanstalt. Of more immediate concern to the man in the street — to the car driver or motorcycleist, at least — is a new law requiring use of safety belts starting on July 1 and crash helmets starting next Jan. 1. After a surge in traffic deaths, the Nationalrat enacted the law unanimously in June, imposing on-the-spot fines for offenders. The unpopularity of this move is matched only by its statistical benefits.

Even less popular, but not yet enacted, is a move to lower speed limits. Environmentalists are happy, though, with a decision to switch to lead-free gasoline by 1986.

Confusion persists on the border with West Germany regarding the new "E" windshield sticker that is supposed to dispense you from customs checks. Lines of cars are often waved through, sticker or no sticker. The likelihood of abuse is rather high.



This illustration depicts the ancient Mauritanian craft of inlaying silver on ebony.

République Islamique de Mauritanie

الموريتانية الإسلامية

Islamic Republic of Mauritania

MAURITANIA

The VIth Anniversary of the Military Coming to Power in Mauritania

IN THE 1st HALF OF 1983 FISHING OVERTOOK IRON ORE AS TOP INCOME EARNER

In a world besieged by hunger and inequality, the sea appears to be a source of hope, because of the immense resources it contains. But, at the same time, it is the scene of a ruthless battle. In Mauritania, the State has well understood that fishing would help to overcome the food shortage arising from the drought which has decimated livestock. However, a "food sociological study" of the country would show how difficult it would be to persuade certain segments of the Mauritanian people to eat fish; their gastronomic habits exclude this item. But an intense campaign of explanations, linked with the needs of the moment, may allow some progress. Likewise, the problem of delivery arises; transport; preservation and cost of the product upon arrival.

By adopting the new policy on fishing in 1979, the Military Committee for National Salvation (CMSN) showed that it was aware of the importance of the fishery sector. If one had to sum up the new fishery policy in one sentence, I would say that it refers to a total integration of fishing into the national economy of Mauritania. Let us recall that up to 1978 fishing activity, being relatively

neglected, was reduced to the sale of licences. The profits obtained by the State were derisory: Out of 50 billion Ouguiya (The Mauritanian Monetary Unit — "UM") representing income from fishing in 1977-78, Mauritania only received 1.4 billion UM, this represented a "Gift" of more than 48 billion UM to the beneficiaries of the licences. The fishing sector is complex and the problem of

scientifically based statistics constitutes an obstacle to the application of an effective fishery policy. It is not the only obstacle, although an important one: up to what volume should catches be authorised? The present state of resources available to the Ministry of Fisheries in Mauritania and despite the many projections available to it, means that it is reduced to estimates only. It is, therefore, a matter of urgency to be able to scientifically assess the Mauritanian stocks of various species of fish.

At the same time, the professional training, at present implemented by the Ministry could be speeded up, and the resources of the Professional

Training Centre substantially increased in order to allow the fishing sector to have available genuine sailors and seafarers. Amongst the latter, importance should be given to those who will actually be responsible for policing the sea; this constitutes one of the priority requirements. In fact, any project would be worthless if the country did not have the ability to prevent fraud and even the pillage of these waters. Developing the patrol fleet by an increase in the number of surveillance boats and planes is expensive in the short run, but it is a very profitable investment when set against the substantial reduction of losses incurred at the present time as a consequence of fraud.

The Importance of the Fishery Sector for the Mauritanian People

The fishery sector is quite a new one for Mauritania and is coming along relatively well if we take into consideration the speed with which Mauritania has managed to master it. It is very complex and needs advanced technology and thorough knowledge of the subject and substantial funds. Mauritania started off in 1980 with zero capital and today it has an investment of 7 billion UM in the fishery sector. It happens that the share of private investment is much greater than the share held by public operators through joint investment in companies. Mauritania, which in 1980 did not have a single boat, today has a totally Mauritanian fleet of the order of 68 vessels. However, like any other sector, fishing in Mauritania has experienced problems of a structural nature, due to inexperience in the field, since it was undertaken by people who were not familiar with it. But now, Mauritarians are acquiring the management, experience and resources necessary for the successful operation and management of this sector.

It is the only sector capable of ensuring the economic take-off point for Mauritania. Previously she had, in the main, turned to the stock-farming sector, but this is, today, experiencing too many difficulties as a result of the long drought which has been affecting the country. Therefore Mauritania is obliged to replace the animal protein from stock-farming with fish protein, particularly as Mauritania is renowned for its fishing resources. It has one of the longest fishing coasts in the world. The fishery sector if one where there is an opportunity to make savings and carry out profitable activities, provided that the people are able to master all the machinery and difficulties connected with the exploitation of this sector.

In the beginning we approached the problem by thinking that it was a sector where one was able to draw on money at will, and was therefore easy. We have rapidly learned that it is, in fact, a complex sector which is certainly profitable, but all the same one which requires very great care, both at the level of carrying out studies and then implementing and following them through.

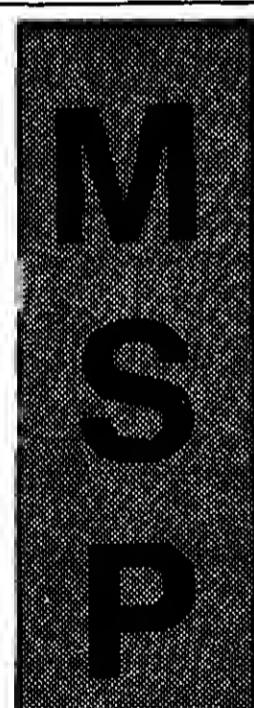
In our opinion fishing resources are more important than mining for Mauritania. For if they are reasonably well exploited, they can be renewed, unlike mining resources, which become exhausted. This is why every effort must be made to bring together the Government, the bodies responsible for scientific research and the business operators with a view to accurately determining what stocks we can exploit without damaging the replacement of these resources and respecting the time scale for this replacement.



The Mauritanian delegation at the ECOWAS/CEDEAO Conakry Summit July 1983

MAURITANO-SCANDINAVE DE PECHE

(Mauritanian-Scandinavian Fishing)



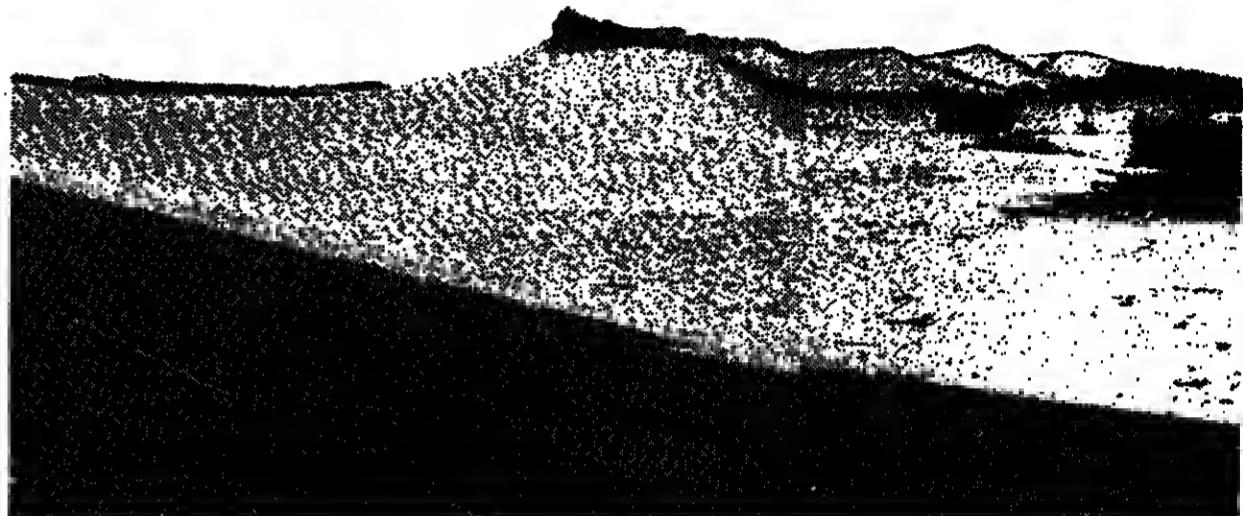
Created in 1980 in accordance with the provisions of the Protocol Agreement signed between the Mauritanian Government and Swedish Joint Trawlers Company Ltd, MSP has a capital distributed as follows:

Mauritanian State: 42%
Joint Trawlers Ltd: 42%
Private Mauritanians: 16%
MSP is today devoted to several activities, particularly the processing of fish species, packing its products on board boats and on land, storage, transformation, freezing and marketing of fish. Its Freezing Factory in Nouadhibou, which has been operating since January 1982, specialises in the freezing of small fish species — small sardines (sardinelles), sardines, horse mackerel (sardines), mackerel, etc. Annual production is estimated at 7,000 T.

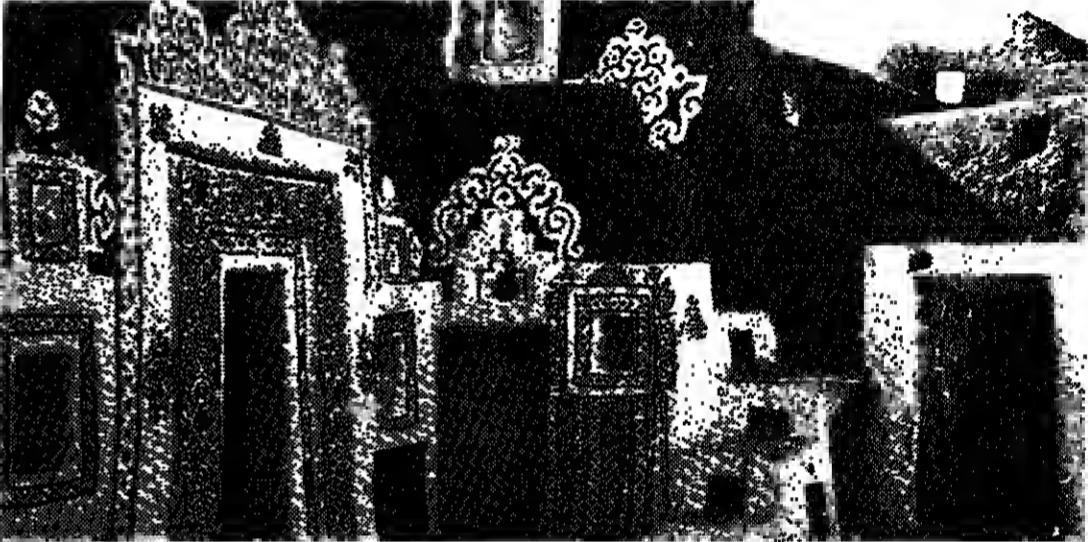
MSP has a purely national vocation with regard to the training of senior staff. So it is that a year's training of staff capable of ensuring a real transfer of technology has been adopted by its Board of Directors on the proposal of its managing Director — Mr. Brahim Ould Dherat. This plan provided for the training 1) in East Germany of 15 workers at management level in the following specialties: Fish processing — Electromechanical refrigerating engineers — Mechanics; 2) in Denmark, 2 senior cadres, refrigerating engineers, with the builder of the factory equipment (ATLAS). To this same factory M.S.P. has already sent Supervisors and Overseers for training, on board boats; 3) in Dakar, the training of a financial manager at the level of a Degree in Economic Sciences in an accounting office, with registration for management courses; 4) it provides for the training in France of 5 head mechanical engineers at the builder of the boats' engines, as well as the training of 2 ship management officials at the level of a building shipyard for fishing boats.

Mr. Brahim Ould Dherat has emphasised the desire of his company to continue the effort to make senior staff Mauritanian, with the objective of making all of M.S.P.'s staff Mauritanian.

Registered Office:
avenue Charles de Gaulle, Nouakchott
Telephone: 528 18
Telex: 818 MTN B.P. 239 NKTT



16 kms from Nouakchott is evidence of the considerable efforts being made to halt the advance of the desert by planting the dunes



A traditional Mauritanian painted house

BANQUE MAURITANIENNE ARABE AFRICAINE S.A.

au Capital de:
1 Milliard d'Ouguiya
L M B No 6

البنك الموريتاني العربي
التابع لـ مصارف أوروبا
مصرف مصايفه أوروبا
مصرف 1.5 مليار أوروبا
مصرف التمويل رقم 6

Baa
BMAA

SERVING THE DEVELOPMENT OF THE MAURITANIAN ECONOMY



Président du Conseil d'Administration

HABIB GHENIM

DIRECTEUR GENERAL
MENA OULD HAMANY

DIRECTEUR GENERAL ADJOINT
SIDI MOHAMED OULD EL HAJ SIDI

CAPITAL: Fully subscribed and paid-up with 50% held by the Banque Centrale de Mauritanie and 50% by the Banque Arabe Africaine au Caire.

OBJECTIVES: To play an active role in the promotion and development of the Mauritanian Economy.

SERVICES: — Expert management of deposits
— Loans on favourable and flexible terms
— Prompt service in import-export business and transfers
— Network of international correspondents

Siège social

Bd Général Abd Nasser Nouakchott
Télégraphe BMAA Télex 543 MTNA
Tél: 528 26 (LIGNES GROUPEES)
524 64

Agence: Bd Médian Nouadhibou,
Télex 458: B.P. 458
Siège Nouakchott
BUREAUX: Nema
Marché Capital

الجمهورية الإسلامية الموريتانية
ISLAMIC REPUBLIC OF MAURITANIA



ميناء انواذيبو المستقل

AUTONOMOUS PORT OF NOUADHIBOU

A large Fishing Port in some of the Best-Stocked fishing Waters in the World

A Port for Fishing and Commerce

You are assured of the best quality service at the cheapest rates on the North-West Coast of Africa. with the following accoutrements:

- a 600-meter quay at 6 meters
- a 130-meter quay at 8 meters
- a 90-meter quay at 7 meters
- a 250-meter quay at 3 meters

Water, Gas/Oil, Ice Supplies.

All provisions and materials required for fishing.

Ease of access at any tide, Day or Night, for all vessels up to a Draught of 24 feet.

A specialized Company offering top quality services and Materials is responsible for the handling of merchandise.

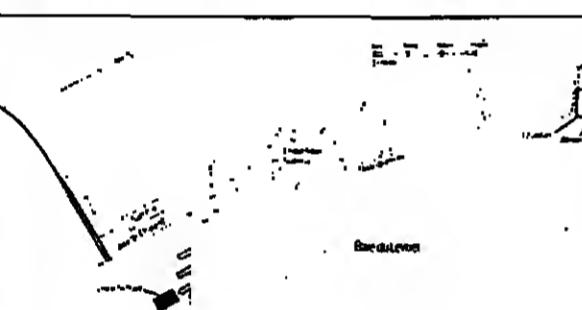
P.A.N. is the maritime port for you, situated half-way between the Canary Islands and Dakar, in the calmest of waters created by the natural harbor of Levrier Bay.

A coastal radio station, telex and VHF lines ensure excellent communications between port, boats and owners.

Tel. (3 lines): 21-34;
22-76;
22-35.

Telex: 441 MTN.

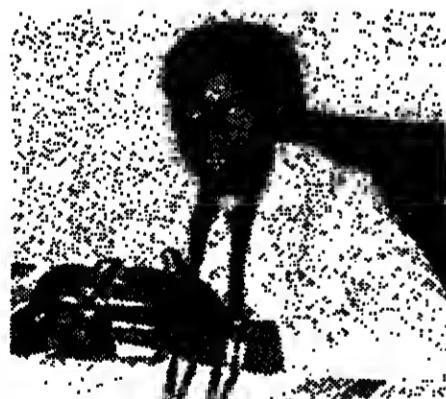
An important port for fishing and commerce, the Autonomous Port of Nouadhibou will experience intense industrial and commercial activity in the coming years.



AUTONOMOUS PORT OF NOUADHIBOU

A large Fishing Port in some of the Best-Stocked fishing Waters in the World

A Port for Fishing and Commerce



Mr GAYE SIDATI, Managing Director
Autonomous Port of NDB

The Autonomous Port of NOUADHIBOU is an establishment of a commercial and industrial nature, which plays an important role within the policy framework defined by the general leadership in the area of fishing, it is therefore an indispensable instrument which should, in spite of any difficulties, support this policy.

It followed that at the organisational level, it was necessary to erect structures, working 24 hours a day, whereas previously we had worked 8 to 10 hours a day, it was necessary to set up certain infrastructures to receive ships at any time of the day. Therefore we are ready to tackle the new unloading policy which is, in fact, an essential measure determining the economy of the country within the framework of fishing.

In 1984 a good number of measures were taken and some construction was carried out. We installed an organisational structure to allow us to cope with all requests. We installed a floating dock to deal with naval repairs and which, without being sufficient, allows us to alleviate a certain inadequacy in naval repairs in NOUADHIBOU. We extended the area, to allow certain fishing industries to establish themselves. We assisted in the establishment of ship's chandlers. We installed cranes to allow a new method of transport by containers. As a result we achieved a certain number of objectives which assisted the unloading policy.

The Port of Nouadhibou has two functions:
— Trade (we receive ships of all kinds)
— Fishing, which represents 75% of our activities.

The importance of the Port of Nouadhibou on the West African coast doesn't need to be proven. I suppose that we have a very advantageous position, on the one hand, and on the other, it is set in a very advantageous natural site. We also have the lowest prices on the West African coast.



This illustration depicts the ancient Mauritanian craft of incising silver on stone.

République Islamique de Mauritanie

الجمهورية الإسلامية الموريتانية

Islamic Republic of Mauritania

MAURITANIA

The VIth Anniversary of the Military Coming to Power in Mauritania

EXTRACTS FROM THE MESSAGE OF LIEUTENANT COLONEL MOHAMED KHOUNA OULD HAIDALLAH, PRESIDENT OF THE MILITARY COMMITTEE FOR NATIONAL SALVATION, ON THE OCCASION OF THE 6th ANNIVERSARY OF NATIONAL ARMED FORCES DAY, 10th JULY, 1984.

National Armed Forces Day, 10th July, will forever mark for our people the dawn of a new era of national peace, liberty, unity and concord.

Far from wishing to draw up a balance-sheet of accomplishments realised, I will restrict myself to recalling the most significant and most important of them in the pursuit of the economic and social recovery programme drawn up following 10th July 1978.

Structures for the education of the masses must play a major role in the transformation of our mental outlook. As an essential guiding, training and mobilisation tool, they will henceforth cultivate in our men and women a love for our Country and a desire to work. In fact, it is by becoming fully and entirely aware of their duties as true citizens and artisans of the future for their Fatherland that our people will be able to meet all challenges and resolutely commit the country to the path of progress.

It is by arming ourselves with this faith that we shall always succeed in thwarting all plots of destabilisation initiated against our people and its National leadership.

The intense efforts deployed by the Military Committee for National Salvation and the Government have not yet fully achieved the hoped-for results.

The shortage of rainfall recorded in 1983 caused unprecedented upsets. As a result we have witnessed a mass exodus of rural populations to the major urban centres. This exodus is continuing to pose complex and multiple problems for the authorities whose task has become even more difficult and complicated.

The situation has forced some of our cattle-breeders to take their herds into the furthermost areas of the country in search of pasture. It has forced others to cross borders into neighbouring countries whose authorities I must thank for welcoming them in a fraternal manner.

To tackle it, the National Leadership has taken measures which, inter alia, have saved thousands of human lives and avoided having our livestock completely decimated.

The solidarity and cohesion shown under these circumstances by our compatriots prove to those who only find answers in drunkenness and seeking myths that our people have never been so united and confident of their future.

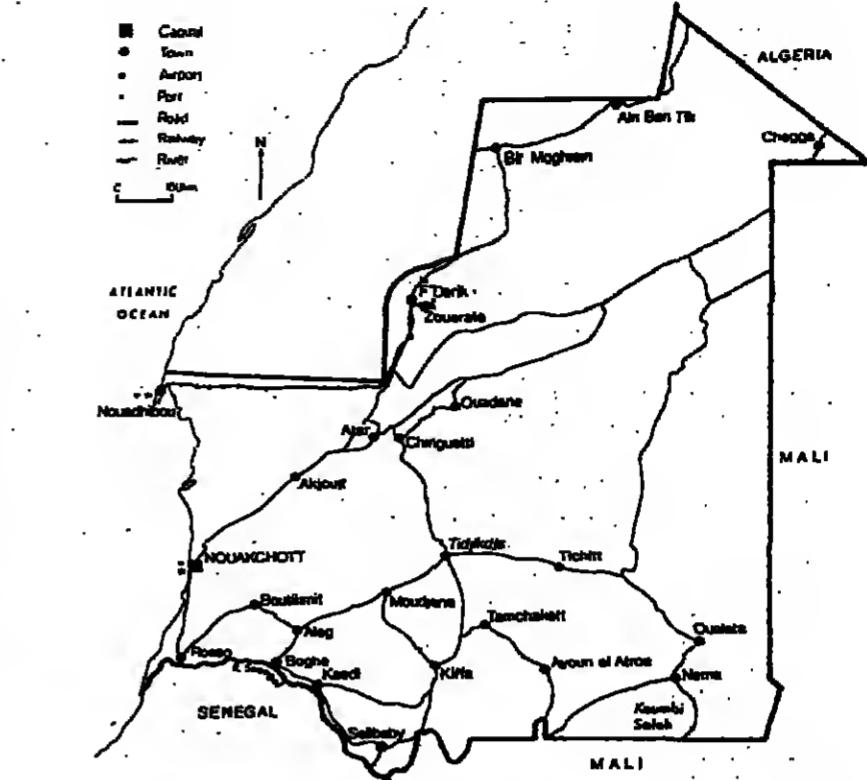


Lt. Col. Mohamed Khouna Ould Haidalla
The President of the Comité Militaire de Salut National, Head of State

The implacable obstacles of recovery of bank claims, taxes and duties and fees of all kinds.

In the fishery sector, the implementation of the policy adopted in 1979 has just entered into a decisive stage with the setting up of the Mauritanian Corporation for the Marketing of Fish — S.M.C.P. (see reports on pages 1 and 4).

In the Mining and Industry sector, the inauguration at the



This reportage has been prepared for the International Herald Tribune by M. Fathi Mahouachi, our Délégué Général for francophone Africa

present time of the Guelbs mining installations (see the report on page 4) will allow SNIM to increase its activity and to contribute more significantly to the socio-economic development of the country.

The recent discovery of a major phosphates deposit in the southern part of the country also represents an important achievement on the road to progress.

This is the place to recall our sincere desire to maintain confident relations with all countries with a desire for peace, freedom and justice. In our African North-West region, we have this year proclaimed our recognition of the Sahraoui Democratic Arab Republic.

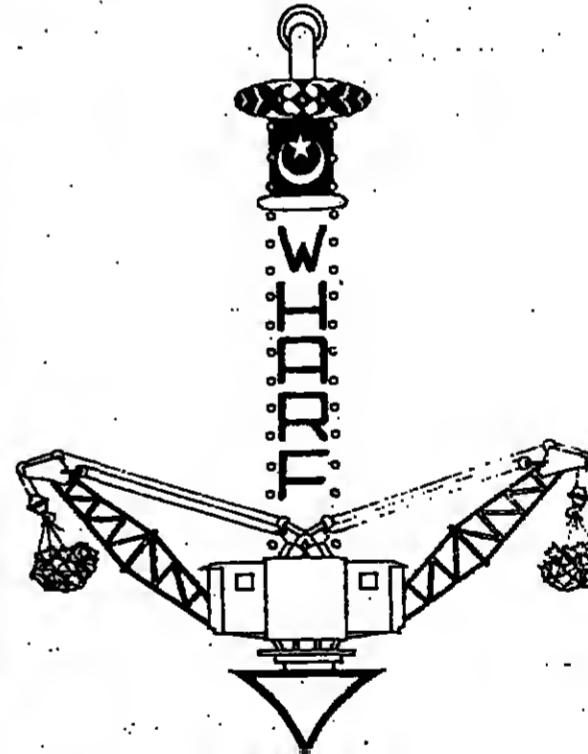
However, this decision in no way alters our attitude of neutrality vis-à-vis this fratricidal conflict. We continue to believe that the path of direct negotiations between Moroccans and Sahraouis is the most appropriate one for arriving at a just and durable peace in this part of the continent.

Our recent accession to the Inter-North-African (Maghrebian) Treaty of Fraternity and Concord will undoubtedly contribute to strengthening the links of friendship, fraternity and fruitful cooperation between the countries of the region.

Normalisation of our relations with our brother Kingdom of Morocco is the result of a sincere and correct application of the Taef agreement and strict observation of the universal principles of peaceful coexistence.

We are convinced that by inspiring ourselves with our faith in ALLAH and strong in our support of our working masses, we will never abandon the path of National victories.

On parade for National Salvation Day



Maritime Establishment and Project for a Deep Water Port IN NOUAKCHOTT

Created to meet the import and export requirements of our country and therefore reducing its economic dependence vis-à-vis foreign countries, the task of the wharf in Nouakchott was to unload 50,000 tons annually, with this figure capable of being increased to 100,000 tons by the strengthening of existing equipment.

In 1968 the first extension of the Wharf took place for an investment of 83,081,704 UM from the EDF; the second took place in 1975 for an amount of 84,401,137 UM from the CIO and the last was to become a reality in 1981 with the construction of the cement-manufacturing docking wharf. This construction cost the Cement Company of Mauritania a sum of 12 million Ouguiyas.

After this last extension, the annual unloading capacity of the Wharf is 450,000 tons. In 1982, 325,442 tons were unloaded, of which around 94,336 tons of cement is the largest figure ever achieved since the building of the Wharf.

E.D.F.: European Development Fund
C.I.O.: Crédit Industrial de l'Ouest (Industrial Credit of the West) (France).

TEL.: 514-53 516-15
B.P. 267 — NOUAKCHOTT
TELEX 538 MTN



SNIM S.E.M.

SOCIÉTÉ NATIONALE INDUSTRIELLE ET MINIÈRE



Société d'Economie Mixte
au capital
de 9.059.500.000 UM
B.P. 42 Nouadhibou
Tél: 100 Télex: 426 MTN

RÉPUBLIQUE ISLAMIQUE DE
MAURITANIE

A GIANT PROJECT SUCCESSFULLY COMPLETED RIGHT ON SCHEDULE

GUELBS DEBUT AT EL-RHEIN - JULY 12, 1984

Iron Ore — the 'motor' driving the industrial development of Mauritania for the past 20 years

by Rupert Bibra

The Iron Ore industry is controlled by SNIM S.E.M., a company that sprang from a government parastatal. SNIM was formed on 27th July 1972 as a wholly owned government corporation to further develop the rich ores of Kedia. It in turn took over the foreign owned Company MIFERMA (Soc. des Mines de Fer de Mauritanie) in 1974 — MIFERMA was nationalised because 79% of its 'added value' profit was being transferred out of Mauritania and the iron ore industry, already 11 years old, was due for indigenization. The owners of MIFERMA were not too upset and remain in the front rank of importers of Mauritanian ore — France, Italy, the UK, West Germany...

When it was seen that Kedia resources would be quickly exhausted partners were sought, to back the GUELBS project with its almost infinite reserve of 'workable' ores (5 to 6 billion tons). The ores of the El-Rhein and Oum Arwagen Guelbs for



President Mohamed Khouna Ould Haidalla inaugurating the Guelbs project.

Phase One and Two were the most interesting and the overall development cost for these was below \$400 million. In July 1978, SNIM S.E.M. was formed; 71% of the shares were still held by the government but the remaining 29% was sold off to:

The Arab Mining Company
The Islamic Development Bank
The Kuwait Foreign Trading, Contracting & Investment Co.
Le Bureau de Recherches et de Participation Minières (MAROC)

The State Organisation for Minerals (IRAQ)

The equity capital was set at over 9 billion Ouguiyas (at the fixed rate of 45.5 Ouguiyas to the US Dollar) and 5 foreigners were admitted to the controlling Conseil d'Administration consisting of 12 members. The Ministry of Industrialisation and of Mining is the overall controlling administration.

Twelve international organisations are co-financing the GUELBS project:

\$65 million — Saudi Fund for Development;
\$60 million — World Bank;
\$50 million — Caisse Centrale de Coopération Economique (France) (\$30 million) with:
Banque Française du Commerce Extérieur and Banque de Paris et des Pays-Bas (\$20 million between them);
\$45 million — Kuwait Fund of Arab Economic Development;
\$35 million — Arab Fund for Economic and Social Development;
\$30 million — Banque Européenne d'Investissements;
\$20 million — Abu Dhabi Fund for Arab Economic Development;
\$16 million — Overseas Economic Cooperation Fund (Japan);
\$12 million — Banque Africaine de Développement (African Development Bank);
\$5 million — OPEC Special Fund.
\$338 million in all for a project initially estimated at \$485 million. SNIM — S.E.M. shareholders have provided the remaining financial backing necessary for the first phase.

In 1979, the World Bank was expecting this first phase to cost 444 million US current \$, but thanks to rigorous management of the project at its different stages (engineering, procurement, and erection) and the setting of all the necessary conditions for a real and efficient international competition (tenders), SNIM has succeeded in bringing the cost of the project down to less than 350 million US current \$. It should be noted that this was achieved in spite of an actual inflation rate much higher than that taken into account in the World Bank appraisal.

The project proceeded according to plan, over 100 contracts were duly completed by July '84 — first orders were placed 1st July, 1979 and SNIM S.E.M. was on schedule for the first Guelbs production, inaugurated on 12th July, 1984, the culmination of a project that was first discussed as far back as 1967.

SNIM S.E.M. at Nouadhibou is a stronger company now than before the world recession, and the disruptive Polisario raids in 1977 and 1978; more Mauritanized (90% of wages/salaries are paid to Mauritians — the expatriate complement has been cut to the bone without commitment loss of effi-

ciency), tougher and more market orientated. The 60,000 SNIM S.E.M. employees are directed at iron ore and its export, but indigenous steel production is also growing. The iron furnace and rolling mill at Nouadhibou are saving imports and creating a useful export income from steel reinforcing rods sold particularly to Senegal (CEAO duty free) and to Mali and Ivory Coast.

SNIM S.E.M. has been relieved of the embarrass-

ments of the Aljoujt copper mine debts (SOMIMA), but still keeps its long view interest in copper, gypsum, explosives and oil products production — particularly for research. The phosphates of Bofai in southern Mauritania — 130 million tons — are ready for development and BRGM (Bureau de Recherches Géologiques et Minières) of France has reported favourably.

The Guelbs

Below is a picture of a black topped quartzite hill, a 'GUELBS'. These hills can be over 675 meters tall and are composed of 35% to 42% iron ores — magnetic quartzites. At least six billion tons in the Tiris area (West, North and East), stretching out in the desert to the North-East of Zouerate*. The first of these hills of iron ore-bearing rock — and consequently resistant to erosion — to be brought into production will be El-Rhein (490 meters). The rate of production from start-up in July 1984 will be 6 million tons a year. By 1991 this can be 15 million tons (in tandem with Oum Arwagen*), start-up set for 1989) all by open cast mining. The Guelb iron ore-bearing rock will be treated before being sent to Nouadhibou's Port Minéralier for export.

Three groups of GUELBS that were looked at before El-Rhein and Oum Arwagen were chosen as the most suitable for the initial phase:

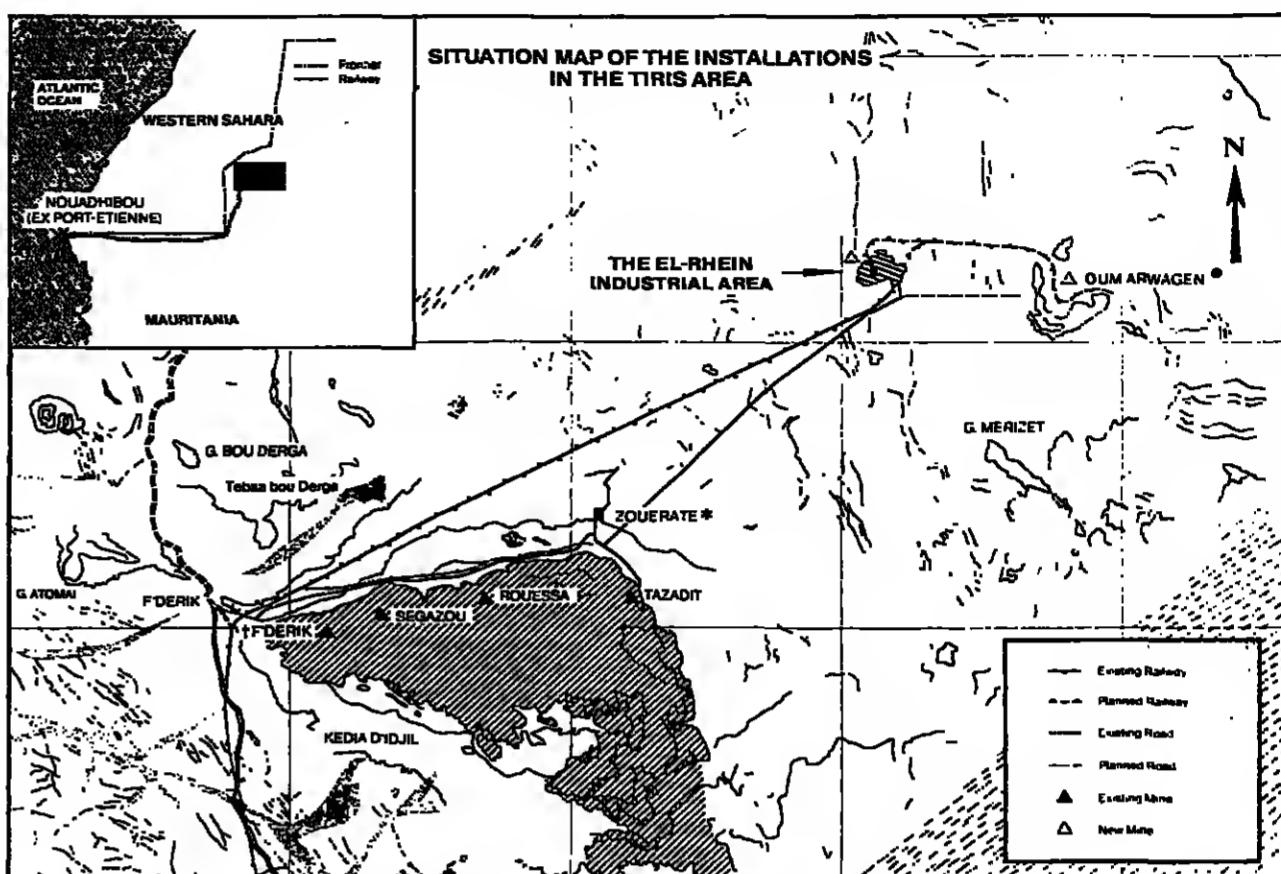
a) The western group to the North and West of F'Derik — Atoum (675m), Tintekra, El-Béida, Bou Derga and El Ajoujt — from 5 to 25 km distant and representing 980 million tons of ore.

tonne in 1982. Now that the USA, Japan and West Europe seem to be pulling out of recession demand and price should move ahead too. Kedia ore was always profitable for SNIM/SNIM S.E.M.; even in 1982 when sales slipped to 7.65 million tons, SNIM S.E.M. made a handsome profit — nearly double 1980's \$10 million when 8.7 million tons (MT) were shipped. Austerity measures, taken in time, saved SNIM S.E.M. from going into loss in 1982, although sales per month dipped below 300,000 tons in one month, and real capacity for 1982 was estimated at 12 MT. Guelb iron ore will come on sale by September 1984 and should reach export sales of 14 to 15 MT by 1990, when Kedia annual iron ore production will be down to 2 or 3 MT from just the Tazadit VI and Segzou mines.

The iron ores of Kedia have been mined since 1963 and the single track railway line from Nouadhibou to Zouerate via Choum and F'Derik was built specifically to export the richest (63.4% Fe — 64.4% Fe) ores via Nouadhibou's Port Minéralier — again specially built for Kedia ores, just like the mining town of Zouerate. By 1991 the mines of the Kedia will all be exhausted except for Tazadit VI and Segzou — F'Derik, Tazadit I and V will all be closed down.

The Railway

The 'Port Minéralier' and the 400 mile railway line were built to export the rich iron ores of Kedia d'Idjil; now a spur line 40 km long has been built North Eastward to reach the El-Rhein Guelb. Obviously this spur line will be extended into the desert as other NE group Guelbs are brought into production. The distance by



showed that Guelb ore is good. The Zouerate pilot plant supplied samples of Guelb concentrates to France, Belgium, the UK, Spain, West Germany and Japan with excellent results. The tests were exhaustive, over 30,000 tons of Guelb ore have been treated by the pilot plant.

Guelb iron ore shipped from Nouadhibou should secure the same prices as Kedia iron ore — \$19.82 a

tonne from El-Rhein to Nouadhibou is 670 km. From the Nouadhibou peninsula — Ras Nouadhibou (ex Cap Blanc) — the railway line runs due east and passes to the north of the Dunes of Alchir in the Adrar until reaching the old 'Route de Mauritanie' at Choum. Here the line turns north-north east to follow the 'Route de Mauritanie' camel track from Choum to F'Derik (ex Port Gouraud) — the original track

the world industrial economy is coming at just the right time for Mauritania. There is already the capacity to increase sales back to over 12 MT per annum although its projections do not envisage exports on this scale before 1990.

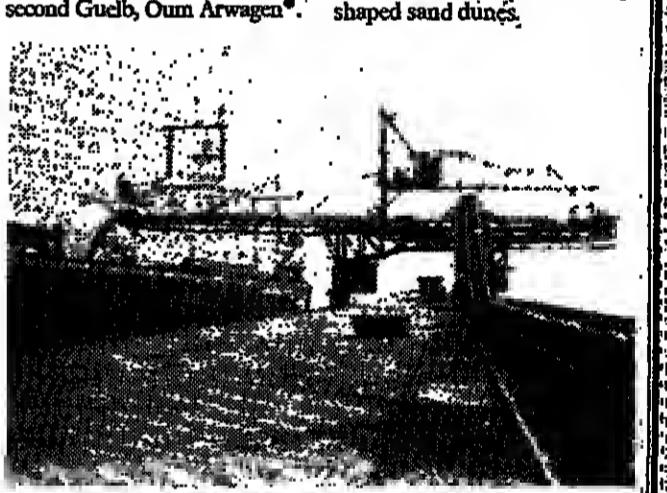
The El-Rhein Plant

The first train full of Guelb concentrates will pull out from the El-Rhein loading station in September, 1984.

The official opening of the El-Rhein plant took place on 12th July, 1984. At the time, the stockpile of iron ore ready for processing was well over 4 MT.

The plant itself lies close under the Eastern side of El-Rhein and 10/12 km from the second Guelb, Oum Arwagen*.

Naturally, in separating out the ores from the other components of a Guelb, the El-Rhein plant has a considerable waste disposal problem of tailings (LIMS waste and filter fines). Here some water is needed — after 'wetting' the waste passes via conveyor belts to an area South of El-Rhein where great spurs of this material look like oddly shaped sand dunes.



Loading ore-concentrates at Nouadhibou

When both Guelbs are in full production in 1991, 66 million tons of Guelb will have to be dug away annually in order to yield 33 million tons of Guelb ores for the primary crusher and from which the plant will produce 15 million tons of the world industrial economy is coming at just the right time for Mauritania. There is already the capacity to increase sales back to over 12 MT per annum although its projections do not envisage exports on this scale before 1990.

The sorted ore is carried down from the mine head in the enormous 80 ton capacity trucks and they tip the ore into the primary crusher, where it is ground down from sizeable rocks to 300 mm 'stones'.

The noise made by the primary crusher is bell-like, it uses 600 kw to produce its 3,900 tons per hour of crushed ore. From its base, the conveyor belts take the 'stoop' to a stockyard with a capacity of 480,000 tons (8 stock piles of 60,000 tons each). There are 4 qualities of ore and an automatic sampling tower allows accurate control of all the mine's production.

Nouadhibou/SNIM have a big advantage over their South American rivals — Rotterdam is less than 7 days sailing from Nouadhibou whilst South American ore is about 21 days away.

The Port Minéralier has been re-equipped to be ready to handle the Guelb ores when they start coming down the line next month.

Loans

Mauritania started repayments on its GUELBS loans in April last year, but repayments do not become onerous before Guelb ore production should have reached 6 MT per annum in 1985. Repayments then should run at \$33 million a year. The revival in

The ennobled ores are stock piled close by the new El-Rhein rail head; 4 x 60,000 tons; again with conveyor belt 'feed' straight into the rail wagons — 45 wagons can be loaded in one hour, i.e. 4,000 tons an hour capacity through the loading tower.

Trains from El-Rhein hook into the original Zouerate-Nouadhibou line at F'Derik; this leaves the original track from F'Derik to Zouerate unencumbered to move the remaining Kedia ores of Segzou and Tazadit VI to the sea and makes the distance from El-Rhein to Nouadhibou a few kilometers shorter than if the new spur line had actually been extended from Zouerate to El-Rhein. Taking just 2 trains a day, the saving of even 10 km per train over one year is very considerable.

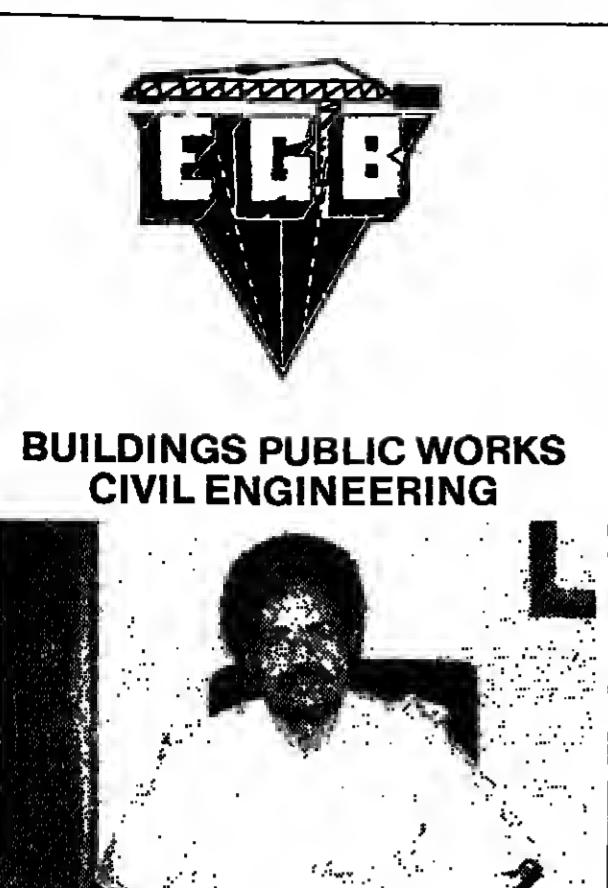
The new 20 km tarmac road built between El-Rhein and Zouerate is for everyday use by the shift workers of the new plant and the miners of the Guelbs; 523 new lodging houses have been built in Zouerate for these workers. Thus, Zouerate, which came into existence 20 years ago for the development of the Kedia ores now doubles for the new GUELBS development; a base camp with a new lease of life. The other SNIM S.E.M. 'village' is outside Nouadhibou near to the Headquarters complex — again with houses and apartments, its own hotel, a social club, sports facilities, shops... SNIM S.E.M. looks after its own people and visitors too.



Left to right: Dr. Mohamed Imadi, Director of AFESD (wearing hat); Mr. Baba Ould Sidi Abdallahi, Director-General of SNIM and Mr. Diabira Maazouz, Minister of Industry and Mines. At the Guelb inauguration 12th July, 1984

EXPORTS OF MAURITANIAN IRON ORE			
1977	8.4 MT	1980	8.7 MT
1978	6.5 MT*	1981	8.9 MT
1979	9.3 MT†	1982	7.6 MT

Notes: *By December 1978 SNIM S.E.M. held over 1.33 MT of iron ore stock at Nouadhibou, UP almost 1 MT on the beginning of 1978. In 1978, 7.43 MT of iron ore was brought down from Zouerate — 92,804 rail wagon loads.



BUILDINGS PUBLIC WORKS
CIVIL ENGINEERING

Mr. E. P. Feten Ould Reguibi
Managing Director of E.G.B.T.P.

Our Company was legally founded on 29 February 1968 under the name of ENTREPRISE GENERALE DE BATIMENTS (E.G.B.). According to an instrument drawn up on 26 June 1972, it has become:

ENTREPRISE GENERALE DE BATIMENTS
ET DE TRAVAUX PUBLICS (E.G.B.T.P.)

Today it has 7 Engineers, 4 senior Technicians (works directors), many worksite managers and the necessary administrative cadre.

We believe that with its human and material potential, its relative experience in the areas of civil engineering, earthworks, roads and surfacing, water supplies, drainage, buildings, hydro-agricultural development, etc., that we can assert today that one can count on us for all works to be carried out in this sector of activities, and by doing this, we have raised ourselves up to a certain level of our ambition.

The company's staff fluctuates within a range of 1,000 to 300 workers.

Capital:
18,000,000 Ouguiya—R.C. 241
Registered Office:
NOUAKCHOTT-KSARA — B.P. 6044
Telephone: 522-36 Telex: 547 R.I.M.



ABDERRAHMANE OULD BOUBOU
Managing Director

A MESSAGE TO OUR DEAR CLIENTS:

Every complex operation gives rise to specialists to whom laymen entrust responsibility for its execution.

Although specialists are rare, SOMACAT, a Mixed Economy Company in the service of the Public, undoubtedly offers them to you, with unparalleled advantages allowing you to make substantial savings in all your operations, and in particular those involving charting, lightering, consignment, handling, transport and land, maritime and air transit, both in Mauritania and throughout the world.

To use the services of the Société Mauritanienne d'Affrètement, de Consignation, d'Acconage et de Transit (SOMACAT) is to protect your interests while protecting you from dangerous technical and financial risks.

To use the services of the Mauritanian Consignment, Charter, Lighterage and Transit Company (SOMACAT) is to save time and money in all your business.

For full information please consult the central services: LOCATED at 32 Avenue John Kennedy, Tel. 522-10; Telex 577 B.P. 264 Nouakchott.

They will be pleased to serve you everywhere and for everything, quickly and well! . . .

Tel: 52210/53513 B.P. 264 Nouakchott
Telex: 577 Meuritania
Agencies:
Nouadhibou Rosso
B.P.: 111 Tel. 69-107
Tel: 2050
Telex: 416 MIN



GUELB IRON ORE START UP AT EL-RHEIN RIGHT ON SCHEDULE

Mauritania today has one of the largest sources for the replacement of iron bodies that have been exhausted.

The first phase of the Guelb project, which has just been inaugurated, will permit an increase in the company's productive capacity to 15 million tons per annum, 6 million tons of which come from the Guelb and 9 million from Kédia.

During the second phase, which will start up in 1995, when the Kédia reserves of crude high-content ore have been exhausted, it will be possible to maintain this production rate of 15 million tons per annum.

Major construction works have made it possible to achieve these results, including, in particular:

— The establishment of repair and maintenance facilities and discharge infrastructures at the free port of Nouadhibou.

— The building of a railway station at Guelb El Rhein and a 37 km long railway on the feeder route linking this station with F'Dérik.

— The building of 523 low-rent dwellings in Zouerate and a workshop unit and offices at Guelb El Rhein.

— Construction of an electric power plant equipped with 4 semi-rapid units with a power of 14 megawatts each, at El Rhein.

This power plant, which operates on heavy fuel, will allow a reduction in the cost of the power used.

The exploitation of a surface

deposit allowing the supply of 14 million tons per annum from El Rhein.

The development of this deposit dates from the beginning of January 1982 and is aimed at supplying large quantities of crude magnetic ore to the enrichment factory. The depth of drilling in this deposit will reach 30 metres below sea level, that is 350 metres below the level of the neighbouring valleys.

— Construction of an enrichment factory with an annual processing capacity of 14 million tons with a view to producing 6 million tons of concentrated crude ore per annum.

This factory, which is amongst the most modern in the world, has benefited from the most recent technological advances.

In particular, it is equipped with a central remote control room equipped with colour screens allowing the operation and supervision of all the installations, thanks to 22 highly-developed mini-computers.

There can be no doubt that these developments have been carried out successfully and has proved to be highly beneficial to SNIM, which is now part of the limited club of mining companies of international competence in the management and administration of large-scale industrial projects.

SNIM has thus successfully accepted the challenge posed by the completion of this complex within the deadlines set

down and in accordance with the technical norms and financial conditions contained in the forecasts.

SNIM, the National Industrial and Mining Corporation of Mauritania, thus provided evidence of its competence in management and its ability to honour its commitments in time, extensively due to the accuracy of its work plan.

Speaking in the name of the Arab shareholders on the day of the inauguration of the first phase of the Guelb project on 12 July 1984, Doctor Mohamed Imadi, Director of the Arab Fund for Economic and Social Development, stated that Mauritania had placed its national resources in the service of its people's well-being. The carrying out of the Guelb project, he added, is the fruit of a policy which is based on the noble principle of "relying on one's

self" and the sincere wish of the Mauritanian leaders to ensure the progress and development of their country.

This project, Mr. Mohamed E. Imadi went on to say, proved that the national leadership had understood that development is not limited to the carrying out of socio-economic projects, but must also be aimed at the training of men called upon to direct and manage these development projects. The Guelb project was concrete expression of the cooperation and complementarity of the Arab world.

On this subject, the Director of AFESD guaranteed that Arab capital will continue to be available for development projects in Mauritania, which opens the way to happy prospects for the financing of future projects, particularly phosphates.

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MAURITANIA
Army of the
Mauritanian
in Mauritania

S.M.C.P.

THE MAURITANIAN FISH MARKETING CORPORATION

A pillar on which the recovery in the Mauritanian Economy will be based

S.M.C.P. is a state corporation set up on June 5, 1984 in Nouadhibou, whose main objective is to centralise and market all Mauritanian production on international markets; production which had previously been exported by individual operators who in spite of their personal effort, failed to establish a presence in these markets. The role of S.M.C.P. is therefore not only to achieve marketing monopoly, but also to allow the Mauritanian people direct access to the consumer market. In addition, the new fishing policy of 1979 has led to a truly new fishing policy in Mauritania. Previously there had been a licensing system, which merely consisted of authorising foreign vessels to fish in our waters.



Mr. Mohamad Salim Ould Lakhal
Chairman of the Board of Directors of S.M.C.P.

The new policy is based on three objectives:

- 1) The creation of a Mauritanian national shipping business, whereby there will be ships flying the Mauritanian flag and belonging to Mauritanian operators.
- 2) The building of land-based factories providing an infrastructure just as important as freezer vessels at sea.
- 3) The establishment of companies jointly owned with foreign partners.

Today, practically all these objectives have been realised. In 1979 there were 600 foreign freezer vessels fishing in our waters, quite apart from pirate boats, and we had no means of protecting our waters.

This new fishing policy was established within the framework of the economic recovery initiated by the C.M.S.N. (Military Committee for National Salvation) and has led to the creation of Mauritanian shipowners.

Within this same framework, we began an assessment of the fishing sector, with a view to understanding it better and have gradually begun to improve the objectives which had been originally set. Previously Mauritanian shipowners and land-based factories existed but the impact was reduced because the most important growth effects occurred abroad, particularly in neighbouring ports. It was therefore necessary for us to proceed to a 2nd phase, which is, to some extent, a linking phase between the three objectives. We had boats at sea; factories on land and mixed economy companies; it was necessary to create a structural link between these three elements. To achieve this we adopted an unloading policy. That is to say, all production carried out in Mauritanian waters must be unloaded and stored, at least one week, in Nouadhibou. This allows centralisation of production; storage for a given time; coordination of activities and facilitates checks. In the past we had not succeeded in carrying out the necessary checks when boats fished and then proceeded to neighbouring ports to unload.

It was also necessary to make the factories profitable, because they had storage capacities which were not completely filled. It followed that freezer boats should deposit their production in Nouadhibou. In February 1983, when this decision was taken, all middlemen said, "No, it isn't possible, we cannot unload here, this port of Nouadhibou is not adequate, if we unload here prices will fall, etc." After one year we noticed that, compared with 1982, turnover increased threefold. Qualitative and quantitative checking was more effective and the effect on prices greater. In spite of a reduction in rates of export tax, budgetary receipts for the same year of 1983, compared with 1982, increased twofold, in spite of a considerable reduction in the tax on production, which went down from 18% to 10% for nationally registered boats. In spite of what people were saying at the time, that boats would lose time, and that it would be necessary to go to a better equipped port, it turned out that the unloading policy was a great success both for the Mauritanian State and for the individual operators. It also had another impact, since it forced the Mauritanian shipowners whose production, in practical terms, had been managed from abroad to now directly manage their own production. In effect there was a transfer of technology and a direct effect on management.

With regard to the unloading policy, foreign newspapers and media declared that Mauritania wouldn't last a month with it in force, but today we see that it is a complete success and a

wager which has been won.

This policy allowed us to obtain a better knowledge of the fishing sector and to identify the real problems which must be faced in the future. In this context, the Mauritanian Fish Marketing Corporation (S.M.C.P.) was set up.

So far as production is concerned, we have pursued the unloading policy. As to the problem of marketing, this remained linked with foreign middlemen who set the prices. These were elements which posed problems for the Mauritanian shipowners and each shipowner, taken individually, was forced to come to the dock with his boat, unload it, deal with his own marketing. It was necessary to try to centralise this marketing, to allow a Mauritanian supply to appear on the international market, as a single and co-ordinated source. S.M.C.P. now supplies Mauritanian production to the world market, which allows it to have a more significant negotiating capacity and to contribute to the price structure, which is quite important considering that price fluctuation sometimes changes from 1 to 5. For example, in 1982 there were very low prices which no longer allowed the shipping industry to be profitable and the question was asked, "What has happened?" Today we know the answer; we know that in 1979 when our fishing policy was established, we had become buyers of boats. At the same time the Koreans, who were more competitive than the Japanese, returned to zone 34 which covers Morocco, the Sahara and Senegal; the Japanese who were already there, wanted to

become importers of fish. They sold their boats to the Mauritanians and disposed of old production equipment and returned to the Japanese market as importers. The major Japanese importers themselves began to follow a policy of price increases in order to break them. At that time we had progressed and were obtaining very



Mr. Mohamad Lamine Chebib
Managing Director of S.M.C.P.

remunerative prices. As the Japanese consumer is very disciplined, there was a transfer of demand and a phenomenon of substitution followed. That is to say, in order to restore confidence to the Japanese consumer, so that he would buy the product again, stocks were sold at very low prices. This explains why, in 1982, prices were very low, the reason being that at the level of supply there was no regulatory body.

Today with such a body, one can always discuss the problem with the buyers, avoiding either very low or very high prices. We believe that this company will be able to contribute directly or indirectly to the formation of a pricing structure and the creation of a marketing policy. Previously there was a policy of one-upmanship: offers were made, with the best one making the sale. We do not seek that; we are looking for serious partners; we want to have a marketing policy; we want to eliminate middlemen. To achieve this it was necessary to have a regulatory body and this is why S.M.C.P. was established. The producer will be rid of the marketing problem, and will be more concerned with production. There is also another factor; prices given to the producer are decided by decree. We are obliged to pass on to the Mauritanian producer the best prices of the week, by deducting from it the fiscal duty, a commission which is an operating charge of around 1.5% (whereas abroad he used to pay between 3 and 7% marketing commission).

S.M.C.P. has a capital of 500 million UM. This is a considerable figure, which allows us to have substantial working capital and be able to buy the full production from the shipowners. We also had credit lines granted by the Central Bank which permits us to call upon credits if we have extended storage periods or other contingencies.

With regard to turnover, we are hoping next month to reach 4.5 billion UM but between now and 1985, when we will be at cruising speed, we hope that we will approach "le poisson de fond", at 7 million UM. To cover the total Mauritanian fish production, we are aiming at an objective of 14 billion UM.

We believe that with SNIM and its GUELBS project, which has just been inaugurated, our company will be the second pillar on which will be based the recovery of the Mauritanian economy and the realisation of the objectives established by the C.M.S.N. (Military Committee for National Salvation).



Lt. Colonel Soumame Silman
Member of the C.M.S.N. and Minister of Fisheries

After the changeover of 10 July, 1978, one of the first concerns of the Military Committee was recovery of the fishing sector. The Committee came into power aware that a major part of our economic future resides in our fishing wealth. A text adopted by the Military Committee in October 1979 provided a new legal framework within which Mauritanian fishing would henceforth operate. This document on the new fishing policy gives priority to artisanal fishing, in order to contribute effectively to food self-sufficiency for the country. Industrial fishing has not been forgotten, however far away it may seem. Even if the policy of licences in its old form has been banned, the new policy does encourage the creation of mixed companies between Mauritanians and foreigners in order to integrate the fishing sector in the national economy.

However, the Military Committee for National Salvation has also inherited a difficult situation. To enable it to recover will be a long affair, inevitably accompanied by some errors and false steps as well as the successes.

Every Mauritanian has a duty to think about the problems of fishing in order to make his contribution to a successful recovery.

Let there be no mistake: fishing represents a decisive element today in the struggle undertaken by the country, under the direction of the Military Committee for National Salvation, to emerge from underdevelopment.

To contact S.M.C.P., you may temporarily use the address of:

B.C.M.
Central Bank of Mauritania

Telex: BCRIM 572 - RIM BANK 532 - POB 623 NOUAKCHOTT (NKC), MAURITANIA

SALIMAUREM

THE ARAB LIBYAN
MAURITANIAN MARITIME
RESOURCES COMPANY

An example of cooperation
between Arab and
African countries

The setting up of this Company put into concrete
form the desire of two fraternal countries to
strengthen their economic relations and the relations
of fraternal cooperation with a view to
realising "complementarity" between the two
states, particularly in the area of development of
fish resources.



D'Mohamed Cherif, Chairman of the Board of
Directors of SALIMAUREM, former assistant
Managing Director

The Company's object is the exploitation of
maritime products in Mauritanian and international
waters, for the purpose of:

- Strengthening fraternal links of cooperation
between both countries;
- Contributing to Mauritania's economic and
social development;
- Participating in and guaranteeing the supply
of proteins to the peoples of both countries
and the Arab and African peoples in general.

Its capital of 2.3 billion (milliards) ouguiyas
belongs 50% to the Arab Libyan Foreign Investments
Company (LAFICO) representing the
JAMAHIRA and 50% to the Islamic Republic of
Mauritania.

It will be equipped with a large integrated factory
and ship complex combining processing and
storage at sea and on land, which will produce
22,000 tons per annum of frozen fish in the
cruising phase and will create 900 jobs in
Mauritania with a financial return of 17% and an
economic return of 44%. This programme will be
completed in 1987.

The Company has bought an important industrial
site in Nouadhibou. This site, an area of 60,000
m² located close to the Port, allows the production
of fish paste and tinned fish.

But SALIMAUREM is also a test and should be
an example of beneficial cooperation between
the Arab and African peoples and between the
peoples and countries of the Third World in
general.

NOUADHIBOU—Bd. Médian—BP 75
Tel: 2241 Telex: 452 MIN MTN

Islamic Republic of Mauritania

THE FRIENDSHIP PORT
OF NOUAKCHOTT

This port, with a capacity of 500,000
tons, will be made up of two parts:

a) **WORK AT SEA**
— an access bridge 730m long and
13.5m wide
— a docking quay of 585m which can
receive 3 ships simultaneously with
a capacity of 10,000 to 15,000 tons.
— a jetty.

b) **LAND INSTALLATIONS:**
— 2 buildings, one for the Port Adminis-
tration and the other for the Police
and Customs;
— A garage
— An infirmary and a rest room for
workers
— 50,000 m² of tarred raised areas for
the storage of products in the open
air
— Lighthouse: this is the highest part
of the Port.

CONCLUSIONS
The putting into service of the
Friendship Port, planned for 1987, will
allow Mauritania to not only unload all
its imports, but also, and above all, will
give the land-locked countries of the
sub-region access to the sea.



Captain Kebe Abdoulaye Hachim
Managing Director of the Maritime
Establishment of Nouakchott
and of the Friendship Port
TEL: 514-53, 516-15 — B.P. 267
TELEX 538 MTN

This illustration depicts the ancient
Mauritanian craft of leather
tanning on stone.



République Islamique de Mauritanie

الجمهورية الإسلامية الموريتانية

Islamic Republic of Mauritania

MAURITANIA

The VIth Anniversary of the Military Coming to Power in Mauritania

MAURITANIA ON ROAD TO ECONOMIC RECOVERY

Emphasis on development of the rural sector

Through his legendary calm and wisdom, his royal, proud and imposing bearing, President Khouna Haidallah recalls one of those fierce warriors of the desert. He extricated Mauritania from the war in the Sahara and, with his team, was able to found and augment the members of the CMSN ("Comité Militaire pour le Salut National") — "Military Committee for National Safety", a plan for economic recovery which permitted a reform of public finances and a reduction of his country's budget deficit by almost half.

The Mauritanian economy was based on mining resources which represent around 80% of its export sales. The economic recovery plan fixed as its priority the development of the rural sector, fishing, small and medium enterprises, and has also planned a rescheduling of the foreign debt, the percentage of which in relation to exports has been stabilised at the present time at around 33%.

In spite of a deterioration of the trade balance, the balancing of accounts has recovered as a result of monetary capital contributions and transfers without involving other parties. A plan for financial recovery was established a few years ago with technical assistance from France. Mauritania, which benefits from very large foreign aid coming from the Arab countries and the OPEC countries, appears to be committed to the road of economic recovery and its policy of reform should restore confidence to investors.

Agriculture
The arid nature of the soil and climatic conditions constitute a serious handicap for the development of agriculture: 92% of the land is in fact sandy and permeable, or shingly and sterile. Cultivated areas are of the order of 210,000 hectares, 110,000 ha. of which are in the eastern part of the country, 40,000 ha. of dieri (river crops) and 60,000 ha. of walo (subsistence crops). The Government has established development of the agricultural sector as a priority objective, which up to now had been neglected, and the country is suffering from a chronic food deficit, aggravated by years of drought.

Foreign Trade
The economic crisis which has affected earnings from exports of iron ore, as well as the rise in costs of imports, have hit the trade balance very hard. For years the trade balance has been recording an increasing deficit. Iron exports, which have fallen in tonnage and value because of the world crisis in the iron and steel industry are in the process of recovering, and recorded a net increase in 1982 as well as during 1983.

Mines
SNIM (Société Nationale Industrielle et Minière — The National Industrial and Mining Corporation), established in 1972, is responsible for the search for and processing of mining resources. Its department of geologists and technicians is cooperating with various partners (including the BRGM) in a search for copper in the region of Diaguiki, and phosphates in the regions of Aleg, Boghé and Kaedi. In 1978 SNIM became a mixed economy company with a capital of more than 9 billion UM (ouguiya), of which the State is the majority holder with 51%. SNIM's major

objective was to make operational a new iron mine in "Guelbs Rhén" which has replaced present workings which are almost exhausted. Reserves are estimated at more than 2 billion tons of ore with a 37 to 40% content. The putting into operation of the small d'Azouzile deposits (10 million tons) and Selya (8 million tons) is part of the Guelbs project. Cumulative production should reach 14 million tons.

SNIM is also exploiting the gypsum reserves of Séhika de N'Drahancha (estimated reserves of 4 billion tons, with an ore of more than 90% of calcium sulphate hydrate). Other mining resources exist in Mauritania, such as:

Sea Salt, where studies are under way with a view to exploitation of the salt marshes located south of Nouakchott (extraction capacity estimated at 20,000 tons per annum).

Phosphate, deposits of which have been explored in the Aleg-Kaédi region by a consortium including SNIM (50%), BRGM (25%) and the Rumanian company Geomin (25%).

Oil, the search for oil, which began in 1960, has covered three different basins: the Atlantic basin (11 borings, 8 of which have proved positive); the Tindouf and Taoudéni basin (2 borings, of which one suggests gas; in the open sea at Nouadhibou, where the Hispanoil-Pétroleum-Esso-Aqiq consortium has carried out tests. A modern refinery with a capacity of 1 million tons/year of refined oil has been built in Nouadhibou and is in the testing stage at the present time.

Industry
There are few processing industries in Mauritania, and the Government is trying to encourage and develop the fishing industry. A new investment code was promulgated in 1979 and the right of transfer of capital and earnings is guaranteed to foreign investors.

Two projects of SAMIA (Mauritano-Kowéïenne-Arab Metallurgical Industries Corporation) are being examined:

- the creation of a copper complex in Nouakchott (capacity — 30,000 tons a year), a refinery for precious metals and a production unit for sulphuric acid;
- the creation of an iron and steel complex in Nouadhibou (capacity



Unloading packaged produce

nationals and regular sea farmers, licences may again be issued only for specialised fish and pelagic fish. Previously foreign boats came to fish and went off again without any control; now, and following a decision of the CMSN in 1979 (the 2nd phase), all products must be unloaded and marketed from Mauritanian ports. The problem of monitoring waters still remains, and we must find adequate means to improve the situation. In order to avoid competition between

nationals and regular sea farmers, licences may again be issued only for specialised fish and pelagic fish. Previously foreign boats came to fish and went off again without any control; now, and following a decision of the CMSN in 1979 (the 2nd phase), all products must be unloaded and marketed from Mauritanian ports. The problem of monitoring waters still remains, and we must find adequate means to improve the situation. In order to avoid competition between

In spite of the difficult economic situation and the heavy heritage of the old regime, the present financial situation in Mauritania is good, in addition to a very clear recovery of the banking system of Mauritania since August 1982.

Mr. Salim Ould Lakhal **Dieng Bouba Farba**
Assistant Governor Governor
Central Bank of Mauritania
Tel: BCRIM 572 — RIM BANK 532 — POB 623
NOVAKCHOTT (NKC), MAURITANIA

complexes). With regard to our equipment, we have 57 refrigerator boats belonging to Mauritanians for bottom fishing and around twenty ice vessels, without counting traditional fishing as well.

Up to now there have only been contracts between State companies or private companies. The sector is not closed to foreigners. We open our doors to brotherly and friendly countries; we would like our friends who provide the funds to come and invest in this sector, and we give them full guarantees of profits, security and repatriation of their profits.

— We are in discussion with the EEC for an agreement over fishing. (All European shipowners may operate in Mauritanian waters).

— We have contracts with Japan, South Korea, East Europe, Rumania and soon Yugoslavia and Sweden, and are in the process of preparing a long-term strategy for management of this sector, on which Mauritania bases great hope for its development.

BASIC FACTS

AREA

1,030,700 sq. km. (398,000 sq. miles).

POPULATION

1.68 million. (1981)

MAIN CITIES

Nouakchott (Capital); Nouadhibou; Kaédi; Zouerate.

GNP PER CAPITA

US\$320 (1979)

OFFICIAL LANGUAGE

Both Arabic and French are official Languages.

MAIN EXPORTS

Iron ore; copper ore; salted and dried fish; gum arabic.

MAIN IMPORTS

Electrical machinery; mechanical equipment; transport equipment; iron and steel products; fuel oil; cereals; foodstuffs.

CURRENCY

Ouguiya

THE LAND

Mauritania has on its west the Atlantic and on its east Mali. It has a 414 mile (666 km) long coastline from Cap Blanc in the north to the mouth of the Senegal river in the south. The river forms half of its southern boundary. The seasonal floods make this the most fertile part of the country and there are many prosperous towns all along it.

Moving north, there is a broad belt of Sahelian or steppe country whose upper edge is a line drawn

from Nouakchott in the west to Nema in the east. It is called Sahel or "coast" because it borders the Sahara desert. Wild life and livestock flourish here. North of this, almost three-fourths of the country is desert, the worst being al-Jaaf or The Empty, in the north-east.

The Moors, of Arab-Berber stock, form 80 per cent of the population. The Negroes live in the south and of them the Tukulors live in the Senegal valley or south-west, and the Soninke in the south-east.

LIVESTOCK

Livestock rearing is practised all over the Sahel and there were in 1979 1.6 million cattle, 8.4 million sheep and goats and 720,000 camels.

AGRICULTURE

The main crop is millet of which 35,000 tons was produced in 1979. Date production amounted to 14,000 tons.

EDUCATION

Mauritania is a great centre of Islamic education for all this region. In 1976, there were 82,408 students in primary schools and 11,957 in secondary. In 1975, there were 1,591 students in technical schools.

HEALTH

Nine hospitals with 567 beds were functioning in 1976. Besides, there were 71 doctors, 4 dentists, 5 pharmacists and 20 midwives.



S.M.A.I.P. MAURITANIAN SHIPOWNERS AND FISHING INDUSTRY COMPANY

A Public Limited Liability Company with a capital of 30 million U.M., fully paid-up, it is a 100% Mauritanian initiative.

It operates two freezer boats. After it was set up in May 1980, it was to operate two boats under charter.

In its initial programme SMAIP was to buy five freezers.

In 1983 SMAIP produced 1785 tons of fish which were marketed as follows:

1026 tons to JAPAN

576 tons to EUROPE

The remainder to Africa:
IVORY COAST, NIGERIA, KENYA

Mr. Bechir Ould ABEIDI
Managing Director
SMAIP

NOUADHIDOU — MAURITANIA
BP 290
Tel.: 2231

مدى من الأفضل

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SATURDAY-SUNDAY, AUGUST 25-26, 1984

INTERNATIONAL
Herald Tribune
BUSINESS/FINANCE

ECONOMIC SCENE

U.S. Unlikely to Cut Deficit By Pushing Rapid Growth

By LEONARD SILK
New York Times Service

NEW YORK — The 1984 election campaign has polarized the Republicans and Democratic parties on economic policy. The Republicans, in their platform, have declared their opposition to "any attempts to increase taxes, which would harm the recovery and reverse the trend to restoring control of the economy to individual Americans."

By inserting the comma between "taxes" and "which," the platform committee overturned the White House intent to leave room for certain types of tax increases and condemned all of them. In fact, the platform called for still lower taxes.

But what about the deficits? The Republicans favor "reducing deficits by continuing and expanding the strong economic recovery brought about by the policies of this administration and by eliminating wasteful and unnecessary government spending." They added that the Democratic ticket of Walter F. Mondale and Geraldine A. Ferraro "by contrast, boast that they will raise taxes, with ruinous effects on the economy." Though the Democrats have no intention of ruining the economy, there is no doubt that they are committed to raising taxes.

Traditional American cynicism holds that party platforms are things to run on but have nothing to do with what presidents do after they are elected. However, President Ronald Reagan has been essentially faithful to his party's 1980 platform, and there is no reason to assume that, if re-elected, he will walk away from the 1984 platform, especially since it is so close to his own views.

Could a Reagan administration in its second term eliminate the deficit by continuing rapid growth? The odds are heavily against it. The projections of the respected and bipartisan Congressional Budget Office indicate that, even on the assumption that the U.S. economy will grow strongly for the next four years, the deficit will not shrink but will rise to \$263 billion in 1989 under current policies.

The United States is now encumbered with a structural, not a cyclical, deficit: The current tax structure and projected budget expenditures are set to produce widening deficits, even if there is no cyclical downturn.

Steady economic growth, if the country could achieve it, and a widening deficit imply that, as the economy moves up to full employment and full use of industrial capacity, financing the deficit would require government absorption of more and more of domestic savings, leaving an inadequate share for investment in plant and equipment and housing. This would mean a shrinking of the economy's long-term growth potential.

FURTHER, the excessive demand on domestic savings would drive interest rates higher, jeopardizing the recovery.

Higher rates also increase the danger of instability abroad, both because of what climbing interest rates would mean for heavily burdened foreign debtors and what a slump in the United States and other industrial countries would mean for Third World countries.

In the current state of bliss about the U.S. economy, some optimists say the budget deficit, and even high interest rates and the strong dollar, are no problem because they draw capital from abroad. But as the United States becomes an enormous debtor, dependence on a continuing and huge inflow of capital from abroad looks highly risky. In recent congressional testimony, Paul A. Volcker, chairman of the Federal Reserve Board, made these points:

"Over time, reliance on increasing amounts of foreign capital is a tenuous and risky way to finance domestic growth and capital

(Continued on Page 15, Col. 3)

"The U.S. is now encumbered with a structural, not a cyclical, deficit."

Board Discusses FCA Case

Collateral Seen As Sufficient

By Thomas C. Hayes
New York Times Service

LOS ANGELES — Financial Corp. of America has up to \$13 billion in mortgages, securities and other assets to pledge against any loans needed from the Federal Home Loan Bank of San Francisco or the Federal Reserve Bank, according to an analyst.

But directors of the bank board's San Francisco district, who met Thursday afternoon in a closed session, had more than potential collateral to consider in deciding how much money could be made available for the troubled holding company's savings and loan subsidiary to borrow if it is needed, because their conclusions differ sharply.

Representatives of the specialty-steel industry maintain that quotas have worked but tariffs have failed. Not surprisingly, representatives of the carbon-steel industry have used that argument to bolster their plea for quotas.

"This nation must have a trade policy," said Richard P. Simmons, president of Allegheny-Lindner Steel Corp. "That says you will have free access to the United States market as long as you do not subsidize your exports, but we will not let you drive efficient U.S. companies out of business simply because your companies are subsidized."

But opponents of protection, whose ranks include the European Community, some economists, steel-consuming companies and industry analysts, argue that the specialty-steel industry is healthy enough to dispense with both quotas and tariffs.

They note that the industry had four years of protection from

1976 to 1980.

"They've had three sets of protection from the government in the last six years," said Daniel Rofin, an industry analyst at Merrill Lynch, Pierce, Fenner & Smith Inc. "Every time it comes off, they ask for it again. What happens is the consumer pays a higher price for the product and more people lose their jobs," because companies that use steel move their manufacturing facilities overseas to take advantage of lower materials costs, he said.

By any measure, the specialty-steel industry, which accounts for about 10 percent of the value of the steel produced in the United States, has experienced improvements in the last year. Specialty steels are high-quality products mixed with certain al-

loys to produce a metal particularly resistant to heat, corrosion or other stresses. These products include stainless steel and steel used for jet engines and aircraft parts. By contrast, most steel used in the United States is not specialty steel but carbon steel, a low-alloy steel used in everything from automobiles to bridges.

In July 1983, after the International Trade Commission recommended protection, Mr. Reagan ordered four years of protection for specialty steels. He imposed quotas on bar, rod and alloy-steel, and tariffs on such flat-rolled specialty-steel products as sheet, strip and plate.

Then last month, in a split decision, the ITC recommended stiffer quotas and tariffs for five years on carbon steel. Mr. Reagan has until Sept. 24 to act on that recommendation.

According to a report prepared by the ITC, domestic steelmakers' shipments of stainless and alloy tool steel rose 7 percent from the fourth quarter of 1983 to the first quarter of this year, and employment in the industry rose 17 percent, to about 16,000

workers. The report also said that prices had increased, but Hubert W. Delano, vice president of Cyclops Corp.'s specialty steel division, said that prices had fallen since the report was issued in May.

Most of the 15 companies that make up the specialty-steel industry association say their profits have improved in the last year.

For example, Carpenter Technology Corp. of Reading, Pennsylvania, reported that its net income had doubled and sales had increased by a third for the fiscal year 1984, ended June 30, from last year.

The EC, for one, points to

(Continued on Page 15, Col. 4)

U.S. Call for Steel Cuts Stirs Debate

Views Differ On Measures' Effectiveness

By Susan Chira
New York Times Service

NEW YORK — The debate over the U.S. steel industry's call for import protection continues unabated.

Advocates and opponents of such measures have been examining the effectiveness of quotas and tariffs that President Ronald Reagan imposed to protect specialty steel last year. And their conclusions differ sharply.

Representatives of the specialty-steel industry maintain that quotas have worked but tariffs have failed. Not surprisingly, representatives of the carbon-steel industry have used that argument to bolster their plea for quotas.

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(Continued on Page 15, Col. 4)

Stainless Strip and Sheet

Imports U.S. Production

1983 1984

Increased Tariffs

Stainless Plates

Imports U.S. Production

1983 1984

Increased Tariffs

Stainless Wire Rods

Imports U.S. Production

1983 1984

Increased Tariffs

Stainless Bars

Imports U.S. Production

1983 1984

Increased Tariffs

Stainless Alloy Tool

Imports U.S. Production

1983 1984

Increased Tariffs

Source: International Trade Commission

U.S. to Postpone Tighter Rules on Textile Imports

By Clyde H. Farnsworth
New York Times Service

WASHINGTON — Treasury Secretary Donald T. Regan, bowing to pressure from importers and retailers, has decided to delay for seven weeks a disputed regulation restricting imports of textiles.

Instead of going into effect for merchandise exported starting Sept. 7, as originally announced, the regulation will take effect for goods shipped by Oct. 31, provided they were ordered before Aug. 3, the U.S. Customs Service said Thursday night. The regulation was published Aug. 3 in the Federal Register.

The change means that apparel ordered for the Christmas season will be allowed entry. This merchandise, with an estimated value approaching \$500 million, would likely have been excluded under the new regulation. Textiles are ordered from foreign producers such as Hong Kong, China, Taiwan, South Korea and Singapore many months before they enter the United States.

Importers and retailers, who have already paid for the goods, said the move was a small step in the right direction but insisted that the regulation needed to be rescinded or sharply modified. The domestic textile industry, which sought the change, voiced satisfaction.

"We are pleased that the government has worked the situation out," said James H. Martin Jr., president of the American Textile Manufacturers Institute.

The regulation tightens the "country-of-origin" designation, which determines the way U.S. quotas are charged against a producing country.

Imported apparel is often made

in several countries. The yarn may come from one country, be woven in another, be cut into apparel parts in still another, then be sewn together in another. After producing countries fill their U.S. quotas they may send garments to be finished in countries that usually do not fill their quotas.

The product is considered now to come from the country where "substantial transformation" occurs. The new rule would effectively apply the designation to where the apparel originated.

"We welcome the administration offer to help us get through the Christmas season," said William A. Andres, chairman of the Dayton-Hudson Corp., a Minneapolis-based operator of department stores. "But what about the next 12 months?" Mr. Andres is president of the Retail Industry Trade Action Coalition.

Thursday's action "doesn't address the fundamental problem that the regulation creates," said Martin J. Lewin, a Washington lawyer for the Textile and Apparel Group of the American Association of Exporters and Importers.

Verrick O. French, senior vice president of the National Retail Merchants Association, warned that goods already ordered for next spring's selling season could be affected even by the amended dates.

The new rule, which seeks to harmonize the treatment of goods in ways that the regulation creates," said Martin J. Lewin, a Washington lawyer for the Textile and Apparel Group of the American Association of Exporters and Importers.

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Imported apparel is often made

Lloyd's Members' Profit Stages Sharp Decline

By Bob Hagerty
International Herald Tribune

LONDON — Profits earned by members of Lloyd's of London, the world's biggest insurance exchange, have dropped sharply, according to figures released Friday.

The figures, compiled by the Association of Lloyd's Members and representing an estimated 80 percent of insurance sold at Lloyd's, for 1983, are for 1981. Under the Lloyd's accounting system, accounts are kept open for three years to allow time for settling claims.

The association calculated the average payment received by Lloyd's members, wealthy people who pledge their fortunes to back insurance sold at Lloyd's, for each £10,000 (\$13,100) share they have in an insurance syndicate.

For syndicates providing marine insurance, the average payment was £613 million, down 34 percent from £933 million to £600. The high was £2,179, and the low was a loss of £4,926 on each £10,000 share. (Such losses are covered by payments from the members to the syndicate involved.)

In the nonmarine bracket, which includes fire, casualty, property and product-liability insurance, the average payment was £524, down 26 percent from £707.

For motor insurance, the average declined 23 percent to £974 from £1,260, and aviation fell 6 percent to £887 from £942.

Preliminary indications show marine profits down further to 1982 but recovering in 1983, association officials said. In the nonmarine sector, both years appear headed for a small drop. Motor profits are expected to fall sharply, but

aviation syndicates show an improving trend.

The association also released figures comparing the results of 200 major syndicates. John Rew, an association official, said the tables are aimed at helping Lloyd's members understand "whether they're on good, bad or indifferent syndicates."

He conceded, however, that the figures do not measure the varying degrees of risk taken on by different syndicates.

U.K. Recovery Seen Continuing

LONDON — Britain's economic recovery will continue until the end of next year despite recent signs of slowing activity, Simon & Coates, a stock brokerage, said Friday.

In a research paper, the firm forecast that gross domestic product would grow by 4.8 percent from the first quarter of 1984 through the third quarter of 1985. GDP, which is the total value of goods and services excluding income from foreign investments, rose about 3 percent last year.

The recovery has slowed recently but is expected to pick up again as consumer expenditure accelerates because of a slight fall in inflation. It will also be helped by an end of the current coal

BUSINESS ROUNDUP

City Investing Is to Sell 3 Units for \$1.25 Billion

By Robert J. Cole

New York Times Service

— NEW YORK — City Investing Co. has announced that it is to sell its printing and manufacturing operations for \$1.25 billion in cash.

They will be bought by an investor group headed by two leading Wall Street investment banking houses, Kohlberg, Kravis, Roberts & Co. and Merrill Lynch, Capital Markets.

Within hours of the announcement Thursday, Victor Posner, the businessman who controls 9 percent of City Investing stock, said in Miami Beach that he would offer \$1.26 billion for the same operations or \$4 million more than the bid accepted by City Investing.

But City Investing said later on Thursday that it had not received any new offer from Mr. Posner. It added that even if it did receive one, it would not be able to do anything about it until Sept. 26, when an exclusive option it granted the investor group to buy the properties expires.

The developments appeared to end plans to sell the company as a whole. Mr. Posner had earlier offered to pay \$2.4 billion in cash and stock for the whole company, counting an earlier \$2.3-billion offer from a Merrill Lynch investor group.

Terms call for the investor group to buy City Investing's Rheem Manufacturing Co., a leading maker of water heaters and heating and cooling equipment; World Color Press, printer of such magazines as Time, People, Cosmopolitan and TV Guide, and Unico Inc., a major producer of business forms.

Although Kohlberg, Kravis, is identified almost entirely with management buyouts, transactions that depend on substantial bank financing and the retention of top management, City Investing made no mention of any of these points.

A source close to the bidding said that financing was not made an official part of understandings between the parties but that "no one is uncomfortable about their financing capabilities."

John J.C. Herndon, senior vice president of City Investing, said

that to the best of his knowledge none of the top corporate officers would be involved.

Other sources said, however, that the heads of the operating companies and their staffs were expected to be invited to stay.

Among them would be Gregson L. Barker, president of Unico; N. Clyde Oberlin, president of World Color; Robert B. Gilbert, president of Rheem Air Conditioning, and William E. Fahy, president of Rheem Water Heater.

George T. Scharfeberger, chairman and chief executive of the company, who would not be part of the transaction, would stay with City Investing.

Once the transaction is completed, the company's remaining operations would include Home Insurance Co.; General Development Corp., a Florida home builder; Servamation, a food-service company, and Motel 6, a budget-motel chain.

On Thursday, a day after a long board of directors meeting, City Investing said the venture was subject to a definitive agreement being reached by Sept. 26.

It said it expected to complete the sale by the end of the year and to show "a substantial gain" on the transaction. The price it accepted is in line with its own valuation of the properties.

It added that it had agreed to invest \$100 million of the proceeds in the venture and to use the rest to pay off debts and to buy back some of its stock.

City Investing, which said that Thursday's agreement replaced Merrill Lynch's earlier proposal, is believed to be interested in waiting to sell Home Insurance until conditions improve and the company would fetch a higher price.

Beech Announces Layoffs

The Associated Press

WICHITA, Kansas — Beech Aircraft Corp. of Wichita, Kansas, has announced it is laying off 500 of its 6,600 employees, citing a weak market for the company's commercial aircraft.

ADVERTISEMENT

INTERNATIONAL FUNDS

Quotations Supplied by Funds Listed

24 August 1984

The net asset value quotations shown below are supplied by the funds listed with the exception of some funds whose names are shown in parentheses. The following international symbols indicate frequency of quotations supplied for the year 1984: (a) daily; (w) weekly; (b) bi-monthly; (m) monthly; (q) quarterly.

ALL AMERICAN MANAGEMENT 5 136.99
ALL-AMERICAN TRUST Co. Ltd. SF 82.39
BANK UNTIED BAER & CO. Ltd. SF 102.00
Bd) Borsbonds SF 82.39
C) Carter SF 102.00
C) Commerzbank AG SF 102.00
C) D) Stockbörse SF 147.00
BANK VON ERNST & Cie AG, P.O. 2826 Bern SF 102.00
B) C) Credit Suisse Fund SF 102.00
C) C) Crescendo Fund SF 102.00
(C) D) IFF Fund NL SF 102.00
BANQUE INDOSUEZ SF 102.00
B) FIF-America SF 102.00
B) FIF-Europe SF 102.00
B) FIF-Gold Fund SF 102.00
B) FIF-Industries Multifonds A SF 102.00
B) FIF-Industries Multifonds B SF 102.00
B) FIF-Industries Multifonds C SF 102.00
B) FIF-Industries Multifonds D SF 102.00
B) FIF-Industries Multifonds E SF 102.00
B) FIF-Industries Multifonds F SF 102.00
B) FIF-Industries Multifonds G SF 102.00
B) FIF-Industries Multifonds H SF 102.00
B) FIF-Industries Multifonds I SF 102.00
B) FIF-Industries Multifonds J SF 102.00
B) FIF-Industries Multifonds K SF 102.00
B) FIF-Industries Multifonds L SF 102.00
B) FIF-Industries Multifonds M SF 102.00
B) FIF-Industries Multifonds N SF 102.00
B) FIF-Industries Multifonds O SF 102.00
B) FIF-Industries Multifonds P SF 102.00
B) FIF-Industries Multifonds Q SF 102.00
B) FIF-Industries Multifonds R SF 102.00
B) FIF-Industries Multifonds S SF 102.00
B) FIF-Industries Multifonds T SF 102.00
B) FIF-Industries Multifonds U SF 102.00
B) FIF-Industries Multifonds V SF 102.00
B) FIF-Industries Multifonds W SF 102.00
B) FIF-Industries Multifonds X SF 102.00
B) FIF-Industries Multifonds Y SF 102.00
B) FIF-Industries Multifonds Z SF 102.00
B) FIF-Industries Multifonds AA SF 102.00
B) FIF-Industries Multifonds BB SF 102.00
B) FIF-Industries Multifonds CC SF 102.00
B) FIF-Industries Multifonds DD SF 102.00
B) FIF-Industries Multifonds EE SF 102.00
B) FIF-Industries Multifonds FF SF 102.00
B) FIF-Industries Multifonds GG SF 102.00
B) FIF-Industries Multifonds HH SF 102.00
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Friday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street

12 Month High Low Stock Div. Yld. PE 5% High Low Chg. Close

12 Month High Low Stock Div. Yld. PE 5% High Low Chg. Close

(Continued from Page 14)

	12 Month High	Low	Stock	Div.	Yld.	PE	5%	High	Low	Chg.	Close
20	14	13	Porter	28	25	272	10	18	17	-1	17
31	21	20	Porter	22	20	269	3	3	3	-1	3
40	6	5	Porter	7	6	42	1	5	5	-1	5
45	21	20	Porter	18	17	170	1	17	17	-1	17
50	18	17	Porter	15	14	142	1	14	14	-1	14
55	17	16	Porter	15	14	142	1	14	14	-1	14
60	17	16	Porter	15	14	142	1	14	14	-1	14
65	17	16	Porter	15	14	142	1	14	14	-1	14
70	17	16	Porter	15	14	142	1	14	14	-1	14
75	17	16	Porter	15	14	142	1	14	14	-1	14
80	17	16	Porter	15	14	142	1	14	14	-1	14
85	17	16	Porter	15	14	142	1	14	14	-1	14
90	17	16	Porter	15	14	142	1	14	14	-1	14
95	17	16	Porter	15	14	142	1	14	14	-1	14
100	17	16	Porter	15	14	142	1	14	14	-1	14
105	17	16	Porter	15	14	142	1	14	14	-1	14
110	17	16	Porter	15	14	142	1	14	14	-1	14
115	17	16	Porter	15	14	142	1	14	14	-1	14
120	17	16	Porter	15	14	142	1	14	14	-1	14
125	17	16	Porter	15	14	142	1	14	14	-1	14
130	17	16	Porter	15	14	142	1	14	14	-1	14
135	17	16	Porter	15	14	142	1	14	14	-1	14
140	17	16	Porter	15	14	142	1	14	14	-1	14
145	17	16	Porter	15	14	142	1	14	14	-1	14
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160	17	16	Porter	15	14	142	1	14	14	-1	14
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340	17	16	Porter	15	14	142	1	14	14	-1	14
345	17	16	Porter	15	14	142	1	14	14	-1	14
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355	17	16	Porter	15	14	142	1	14	14	-1	14
360	17	16	Porter	15	14	142	1	14	14	-1	14
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390	17	16	Porter	15	14	142	1	14	14	-1	14
395	17	16	Porter	15	14	142	1	14	14	-1	14
400	17	16	Porter	15	14	142	1	14	14	-1	14
405	17	16	Porter	15	14	142	1	14	14	-1	14
410	17	16	Porter	15	14	142	1	14	14	-1	14
415	17	16	Porter	15	14	142	1	14	14	-1	14
420	17	16	Porter	15	14	142	1	14	14	-1	14
425	17	16	Porter	15	14	142	1	14	14	-1	14
430	17	16	Porter	15	14	142	1				

ACROSS

1 Street sounds
6 Cooking directions
10 Plenty, poetically
14 Miss Dinsmore
19 Neckwear
20 Chief
21 Away
22 Nita of silents
23 Words by S. T. Coleridge
27 One of Wilson's seventy-six
28 Rol's spouse
29 Master mimic
30 Bachelor's last words
31 Rheine's river
32 Han of "Star Wars"
33 Words by R. Browning
44 Finnish lake, to a Swede
45 Waterfall, Scottish style
46 Disney's middle name
47 Archaic

ACROSS

48 Japanese deer
49 Ring event
51 Go one better
52 All-male
53 Words by M. Drayton
60 — Kippur
61 A rival of Laver
62 Peep show
63 Quartered
64 Concerning
65 Soul, in Savoie
66 Felix Krull's creator
67 Takes care of 70 Sink
72 Rig truck
73 Chum
76 Words by A. E. Housman
80 "Thus with a kiss —": Romeo
81 Word on a Roman towel?
82 What a snob puts on
83 Coptic clergyman's title
84 French turnabout
85 Witch-trial locale
87 Young whale
88 Complete
90 Words by J. W. Graves
95 Meadowlands event
96 Actress Ullmann
97 King topper
98 Loon
101 Glove material
103 Infractions
108 Words by W. S. Gilbert
111 Casaba
112 Mrs. Maher
113 Lather
114 Veranda
115 Olympics champ: 1936
116 Side dish
117 Former mates
118 "This" (shipping note)

DOWN

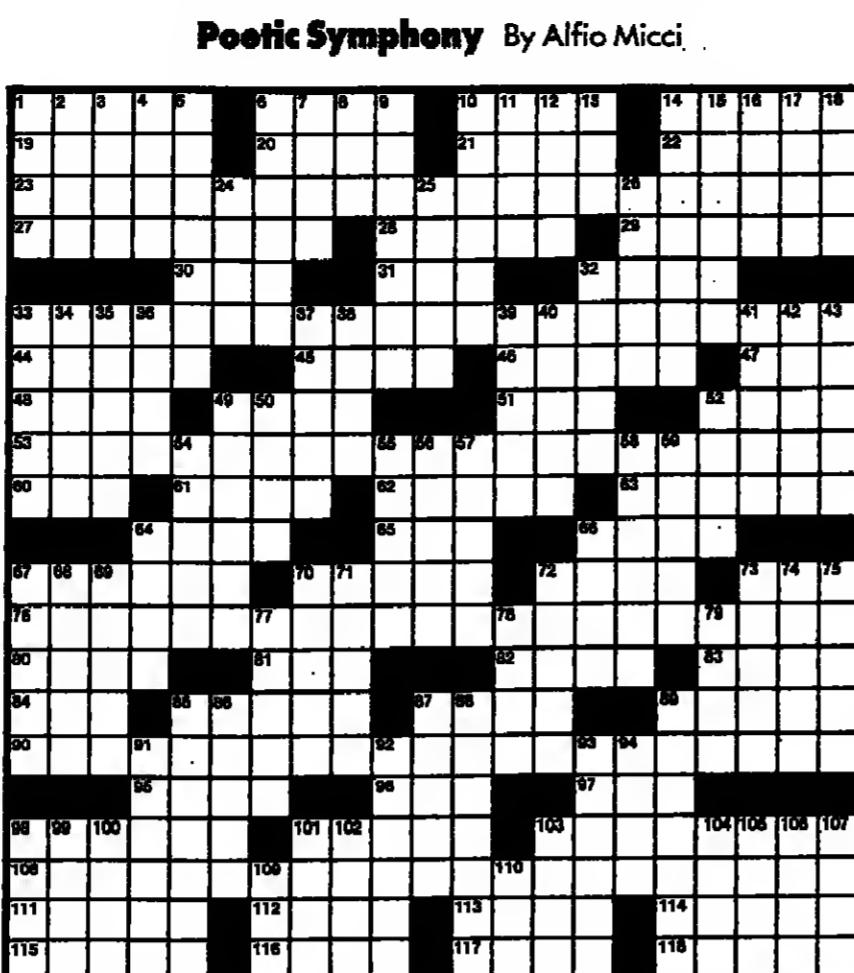
1 Thai coin
2 Danish weights
3 Repeat
4 Ode, e.g.
5 Fixed
6 "Or that the Ever-lasting fix'd his cancer...": Hamlet
7 Russian-born designer
8 German expiative
9 As a consequence
10 Selfish one
11 Common or proper word
12 Wave, at Cannes
13 Gossamer

DOWN

14 Stores fodder
15 "The — the Mathicans"
16 Coffeerever
17 Faerie god
18 Moses's — kleine Nachtmusik"
24 Went by car
25 Dudi
26 Oshu greeting
32 Mushroom support
33 Irritable
34 Word form for dream
35 Hemp fiber
36 Mine vehicle
37 Extract
38 "Romola" character
39 "Call You Sweetheart"

DOWN

40 Ferga a formal wedding
41 Jots
42 Show unit
43 Crept
49 Grant
50 Roman emperor
52 Whirled
54 Fake jewelry
55 Thinness writing
56 Chiaroscuro
57 Medicinal tropical plant
58 Elton's river
59 Kind of boom
64 — forgive those..."
66 More, in Mannheim
77 Yugoslav measure
80 Ferga a formal wedding
81 — the Mathicans
82 Show unit
83 Thinness writing
84 Chiaroscuro
85 Medicinal tropical plant
86 Elton's river
87 Kind of boom
88 Serving the purpose
89 — it (speed up)
90 — sch.



SPORTS

East German Women Swimmers Set World Records at Moscow Games

Compiled by Our Staff From Dispatches

MOSCOW — East German swimmers set two world records in the race and won four of five sets at the Friendship '84 Games in Friday.

The East German women's 400-meter medley relay team bettered a world record by more than two seconds and Inga Kleber, the lead swimmer for the team, lowered the mark for the 100-meter backstroke.

The tandem of Kleber, Sylvia Gerasch, Ines Geissler and Birgit Sieck was clocked in 4 minutes, 59 seconds, well inside the world mark of 4:05.79 set by an East German squad in August 1983.

The Soviet Union finished second in 4:08.13.

The U.S. squad's Olympic gold medal performance at Los Angeles is 4:08.34.

Kleber churned through the water in 1:00.59 to lower by 23-hundredths of a second the previous world mark of 1:00.86, set by communist Rica Reimisch at the 1980 Moscow Olympics.

An individual record in a relay can only be set on the first

It was Gerasch's second world record of these games.

She set the standard of 1:08.29 in the 100-meter breaststroke on Friday.

Five world swimming records were fallen here so far, four of them by East German women swimmers—all, 35 gold- and silver-medal

times of the Los Angeles Olympics have been bettered; four events remain.

The women's 200-meter individual medley was won by East German Ute Grawinger in 2:11.75.

All three of Friday's top finishers in the individual medley were below the respective finishing times at the Summer Olympics.

East German Astrid Strauss, like Gerasch a 15-year-old schoolgirl, won the 800-meter freestyle in 8:29.35, which would have been enough for a silver medal behind American Tiffany Cohen at the Olympics. Cohen's time was 8:24.95.

Dirk Richter of East Germany was ahead of American Rick Carey's world-record pace at the halfway mark of the men's 100-meter backstroke but finished in 55.62.

Carey's world standard is 55.19. He swam a 55.79 to win the Olympic gold.

Carey earlier in the week had lost his 200-meter backstroke world record to Sergei Zabolotov of the Soviet Union.

Alexander Prigoda posted the Soviet Union's only swimming victory Friday. His 1:58.83 in the 200-meter butterfly was a national record, but he was well outside the world time of 1:57.04 set in Los Angeles by Australian Jon Sieben.

The Soviet Union won five of six rowing events, which ended Friday.

Russians swept the single sculls, quadruple sculls, coxed pairs, coxed fours and coxed eights races, while East Germany took the double sculls. All events were rowed at 1,000 meters.

(AP, Reuters)

which bettered the 2:12.64 clocked by American gold-medalist Tracy Caulkins at Los Angeles.

All three of Friday's top finishers in the individual medley were below the respective finishing times at the Summer Olympics.

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The Soviet Union won five of six

rowing events, which ended Friday.

(AP, Reuters)



Toronto's Dave Collins stole second base, took third as shortstop Julio Franco watched catcher Jerry Willard's throw sail into center field (above) and eventually scored Thursday's first run on a sacrifice. Toronto's 6-1 victory ended Cleveland's eight-game winning streak.

Astros Down Cards, Move Into 2d Place

Compiled by Our Staff From Dispatches

HOUSTON — The standings and the calendar indicate that the Houston Astros have virtually no chance of winning the National League West pennant. But right now the Astros are hotter than a NASA rocket engine. They defeated the St. Louis Cardinals, 9-6, here

BASEBALL ROUNDUP

in the league's only game Thursday for their 11th victory in 13 games and have moved into a tie for second place in the division with Atlanta.

That's the good news. The bad news is that Houston still trails San Diego by 10 games with only 33

left. "It's a long shot, we can see the light at the end of the tunnel," said winning reliever Dave Smith (2-2). "There's always hope until we're mathematically eliminated. Stranger things have happened."

Terry Puhl triggered the victory by hanging on three hits, including a home run, and driving in three runs. He singled home two runs in the fourth inning and his bases-empty homer triggered a two-run fifth.

Smith pitched two scoreless innnings for the victory while Mark Rucker (1-3) took the loss.

The Cardinals built a 4-0 lead against starter Mike LaCoss but couldn't hold it. St. Louis scored a first-inning run on singles by Willie McGee and Tom Herr, a wild pitch and Terry Pendleton's fielder's choice grounder; it added three in the second on a two-run single by Herr and George Hendrick's RBI single.

After scoring single runs in the second and third, Toronto made the score 5-0 on fifth-inning RBI doubles by Bell and pinch-hitter Garth Long. Bell's sixth-inning single drove in another run.

Brewers 5, Twins 2

In Milwaukee, Cecil Cooper and Ted Simmons hit successive run-scoring singles in the fourth to help the Brewers end a six-game losing streak with a 5-2 decision over Minnesota. Bob McClure (4-5) pitched a six-hitter, completing his first game in 12 starts and cutting the Twins' lead in the Western Division to five games over California and Kansas City.

Milwaukee took a 1-0 lead in the third when Bill Schroeder touched Frank Viola (14-11) for his ninth bomer of the season. Gary Gaett put Minnesota ahead, 2-1, by following Tom Brunansky's two-out fourth-inning single with his fifth home run of the year. (UPI, AP)

NFL Votes Merger of 2 Franchises

The Associated Press

CHICAGO — United States football League owners on Thursday approved the merger of the Indiana and Oakland franchises, a first of several expected consolidations to strengthen the USFL for its anticipated battle in 1985 with the established National Football League. The team will be based in Oakland, California.

It was the only merger made during the two-day league meetings. USFL Commissioner Chet Simmons said it is unlikely the USFL will enter the 1985 spring season with its current 17 teams.

The question of whether to add a franchise or consolidate further, 16 teams, or even 14, will depend on the recommendations of a committee of owners studying the implications of a move to the fall season in 1986, Simmons said.

There was speculation after the game owners voted Wednesday to move to a fall schedule in 1986 that the change was designed to force a merger of the two leagues. But USFL Commissioner Peter Rozelle dismissed that idea Thursday.

"I just can't see it happening," Rozelle told The New York Times. "There's just no sentiment for it when we expand, we'd want to pick our own cities and our own owners. There are many reasons why it would not be feasible. One of them would be antitrust problems. We had to get a bill through Congress to merge with the AFL."

Rozelle said he had talked to out 10 NFL owners and all of them welcomed the USFL shift. "Everyone I spoke to said they're in favor of going to the fall because it's spreading football out."

The other coalition is the moderate majority of Division I. It must go up against the legal and economic leverage of the CFA, which feels it is providing a welfare system for the rest of college football.

One is the College Football Association, whose 63 members financed both sides of the television bid and have wanted more autonomy and less interference from the more moderate — and smaller — elements of Division I since 1974.

The other coalition is the moderate majority of Division I. It must go up against the legal and economic leverage of the CFA, which feels it is providing a welfare system for the rest of college football.

You think the telephone business is messed up as a result of AT&T's court-imposed divesti-

Season at Hand, College Football Clouded by Politics

By Mark Asher

Washington Post Service

WASHINGTON — With the season starting next week, you may be wondering about the state of college football. Just listen to Grambling State's Eddie Robinson, second in career coaching victories behind the late Bear Bryant.

The tail is wagging the dog. Robinson testified at a recent hearing on Capitol Hill. "It is television now, it will be recruiting tomorrow, buying athletes next, until the whole college athletic structure tumbles down."

The National Collegiate Athletic Association had controlled the televising of college football games for 32 years until the Supreme Court ruled this summer that such controls violated federal antitrust laws.

Now few of the biggest football powers are happy, and even fewer are making more money than they did before the ruling.

The NCAA Division I divisiveness that ended up in the Supreme Court was the culmination of a still unresolved 10-year power struggle. Basically, there are two coalitions of schools trying to determine the place of intercollegiate athletics within higher education.

One is the College Football Association, whose 63 members financed both sides of the television bid and have wanted more autonomy and less interference from the more moderate — and smaller — elements of Division I since 1974.

The other coalition is the moderate majority of Division I. It must go up against the legal and economic leverage of the CFA, which feels it is providing a welfare system for the rest of college football.

You think the telephone business is messed up as a result of AT&T's court-imposed divesti-

ture? As John Toner, the NCAA president, points out, "At least the judge gave AT&T three years."

In college football, it will likely get worse before it gets better, for the following reasons:

• Animosity. Charges and countercharges are rampant about who controls whom. CFA members have their television packages with ABC and ESPN; the Big Ten and

Russians swept the single sculls, quadruple sculls, coxed pairs, coxed fours and coxed eights races, while East Germany took the double sculls. All events were rowed at 1,000 meters.

(AP, Reuters)

If the 1970s were a decade of abuse in intercollegiate athletics — with practically open-door admission to athletes and with cheating to recruit these athletes and keep them eligible — then the 1980s are becoming a decade of reform.

Pac-10 conferences, with the only powerhouses that are not CFA members, are signed with CBS.

• Timing. The Supreme Court decision, coming in the last week of June, played havoc with the schools' selling their television rights to networks and syndicators and with the carriers' selling the games to sponsors.

• Size. Besides being in some of the biggest television markets, the Big Ten and Pac-10 will probably fare best this season because they were negotiating for only 20 schools. With the NCAA controlling prices before, size didn't make a difference, because the system limited appearances and guaranteed exposure to lesser schools that otherwise would not have received network coverage. Now, in an open marketplace, the CFA's 63 may be too large a group for which to negotiate.

Thus football may become like basketball — with every conference college football. Now, the independents and the cables are crying foul.

As Bob Wussler, executive vice president for Turner Broadcasting, said on Capitol Hill:

"There is far less freedom in the new marketplace than we had expected. While the [Supreme Court] decision eliminated the competitive bottleneck that the NCAA had administered, it merely created a vacuum into which the College Football Association has stepped."

Yet the game remains extremely healthy.

Almost 25.4 million fans watched Division I games last season, with the Southeastern Conference playing to 98.5 percent of stadium capacity and the Big Ten to 94.1 percent. In all of Division I-A, including teams that didn't win a game, attendance was 79.5 percent of capacity. The Atlantic Coast Conference, known for basketball, was 80.2 percent.

For instance, the Miami Herald reported that national champion Miami graduated only 15 percent of its football players in 1982 and 1983.

The Herald also reported it obtained a school's being declared ineligible for NCAA championships in those sports. The graduation rates at many schools have been a national disgrace.

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ART BUCHWALD

Don't Mention Ferraro

WASHINGTON — What I admire about the Republicans is how reluctant they are to make political hay out of Geraldine Ferraro's financial disclosures.

It's impossible to get a Reagan supporter to discuss them.

I met Lance Worthington, a White House political strategist for lunch, and the first thing he said to me was, "I hope you're not going to ask me questions about Geraldine Ferraro's tax returns, because if you do I'll walk out of the restaurant."

"I promise I won't," said Worthington. "We consider Ferraro Mondale's problem, not ours."

I said, "I'm glad you people are taking the high road."

"Of course there are a lot of questions the American people are entitled to have answers to concerning the loan her husband made to her in 1978."

"I thought you didn't want to talk about it," I said.

"I don't. But it's peculiar that after John Zaccaro discovered he had made an illegal contribution to his wife's congressional campaign in 1978, she repaid it with \$100,000 she received from a building, she only had a \$25,000 interest in four months previous."

"It does seem rather weird," I said. "What's your theory on it?"

"I told you I didn't want to discuss it," he said angrily.

"I'm sorry. Let's talk about the Reagan campaign."

"We were right on schedule until Ferraro business interrupted it."

Drop in New Beaujolais Crop

The Associated Press

LYON — This year's production of new Beaujolais wine will be smaller than in 1983 because of a colder than normal June and excessive rains, according a regional wine expert. Gaston Charte, of the Institut National des Appellations d'Origine, estimated that the harvest would be one fourth to one third smaller than last year's.

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